

RIVEREDGE NATURE CENTER, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Riveredge Nature Center, Inc.  
Saukville, Wisconsin

We have audited the accompanying financial statements of the Riveredge Nature Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Riveredge Nature Center, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Kieckhafer, Dietzler, Hauser, Hanson LLP  
West Bend, Wisconsin

October 2, 2019

RIVEREDGE NATURE CENTER, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and savings deposits	\$ 179,780	\$ 184,665
Certificates of deposit	57,533	56,993
Investments, at fair value	4,555,010	4,879,500
Contributions and pledges receivable	554,028	829,058
Accounts receivable	196,987	53,902
Inventory	47,556	43,660
Prepaid expenses	278,621	36,515
Property and equipment, net	<u>2,576,789</u>	<u>1,675,112</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,446,304</u></u>	<u><u>\$ 7,759,405</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 8,974	\$ 9,971
Other accrued liabilities	39,821	23,754
Unearned revenue	<u>141,895</u>	<u>135,463</u>
<b>TOTAL LIABILITIES</b>	190,690	169,188
<b>NET ASSETS</b>		
Without donor restrictions	4,641,501	3,616,903
With donor restrictions	<u>3,614,113</u>	<u>3,973,314</u>
<b>TOTAL NET ASSETS</b>	<u>8,255,614</u>	<u>7,590,217</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 8,446,304</u></u>	<u><u>\$ 7,759,405</u></u>

See accompanying notes

RIVEREDGE NATURE CENTER, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support:			
Contributions:			
Operating fund drive and other contributions	\$ 424,191	\$ -	\$ 424,191
Capital campaign contributions	740,746	331,113	1,071,859
Memorials	11,808	-	11,808
Donated goods and services	28,597	-	28,597
Special program support	354,883	-	354,883
Program fees	225,988	-	225,988
School programs	104,912	-	104,912
Investment income (net of \$15,971 investment expenses)	197,946	79,629	277,575
Rental income	24,030	-	24,030
Merchandising	52,473	-	52,473
Less: Cost of sales	(23,357)	-	(23,357)
Fundraising events	175,582	-	175,582
Less: Cost of direct benefit to donors	(42,860)	-	(42,860)
Net assets released from restrictions	<u>769,943</u>	<u>(769,943)</u>	<u>-</u>
 TOTAL REVENUE AND OTHER SUPPORT	 3,044,882	 (359,201)	 2,685,681
Expenses			
Program services:			
Land conservation	392,830	-	392,830
Environmental education	1,226,900	-	1,226,900
Supporting services:			
General administration	149,657	-	149,657
Fundraising	<u>250,897</u>	<u>-</u>	<u>250,897</u>
 TOTAL EXPENSES	 <u>2,020,284</u>	 <u>-</u>	 <u>2,020,284</u>
 INCREASE (DECREASE) IN NET ASSETS	 1,024,598	 (359,201)	 665,397
BEGINNING NET ASSETS	<u>3,616,903</u>	<u>3,973,314</u>	<u>7,590,217</u>
ENDING NET ASSETS	<u>\$ 4,641,501</u>	<u>\$ 3,614,113</u>	<u>\$ 8,255,614</u>

See accompanying notes

RIVEREDGE NATURE CENTER, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions:			
Operating fund drive and other contributions	\$ 417,323	\$ 170,118	\$ 587,441
Capital campaign contributions	-	865,000	865,000
Memorials	6,247	-	6,247
Donated goods and services	31,218	-	31,218
Special program support	144,290	-	144,290
Program fees	204,622	-	204,622
School programs	98,927	-	98,927
Investment income (net of \$26,126 investment expenses)	171,597	62,521	234,118
Rental income	21,679	-	21,679
Merchandising	39,111	-	39,111
Less: Cost of sales	(20,041)	-	(20,041)
Fundraising events	139,905	-	139,905
Less: Cost of direct benefit to donors	(19,538)	-	(19,538)
Net assets released from restrictions	361,597	(361,597)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>1,596,937</b>	<b>736,042</b>	<b>2,332,979</b>
Expenses			
Program services:			
Land conservation	359,764	-	359,764
Environmental education	1,085,786	-	1,085,786
Supporting services:			
General administration	139,152	-	139,152
Fundraising	312,586	-	312,586
<b>TOTAL EXPENSES</b>	<b>1,897,288</b>	<b>-</b>	<b>1,897,288</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(300,351)</b>	<b>736,042</b>	<b>435,691</b>
<b>BEGINNING NET ASSETS</b>	<b>3,917,254</b>	<b>3,237,272</b>	<b>7,154,526</b>
<b>ENDING NET ASSETS</b>	<b>\$ 3,616,903</b>	<b>\$ 3,973,314</b>	<b>\$ 7,590,217</b>

See accompanying notes

RIVEREDGE NATURE CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2019

	PROGRAM SERVICES		SUPPORTING SERVICES			TOTAL
	Land Conservation	Environmental Education	General Administration	Fundraising		
Salaries	\$ 204,649	\$ 607,513	\$ 89,574	\$ 108,230	\$ 1,009,966	
Employee benefits	31,325	93,002	13,714	16,575	154,616	
Payroll taxes	15,490	45,988	6,782	8,196	76,456	
Professional development/staff recruitment	216	2,394	166	892	3,668	
Buildings and grounds supplies/maintenance	52,687	18,112	798	371	71,968	
Depreciation	10,373	75,721	14,521	3,112	103,727	
Insurance	3,820	34,383	3,117	-	41,320	
Property taxes	3,573	-	-	-	3,573	
Fundraising	118	1,086	163	405	1,772	
Utilities	5,227	12,963	2,090	627	20,907	
Professional fees	24,276	124,929	7,432	77,154	233,791	
Office supplies	-	-	3,929	194	4,123	
Office equipment and maintenance	1,899	8,816	1,053	809	12,577	
Dues and subscriptions	-	785	-	-	785	
Printing	1,845	11,991	2,767	1,845	18,448	
Postage	417	2,712	209	834	4,172	
Telephone	1,261	5,884	420	841	8,406	
Travel	3,873	16,683	1,274	6,841	28,671	
Promotional materials	2,764	7,740	-	553	11,057	
Advertising	4,781	13,388	-	956	19,125	
Marketing/public relations	9,329	26,122	-	1,866	37,317	
Education expenses	3,708	25,731	-	10,294	39,733	
Bookstore expenses	140	1,119	141	-	1,400	
Cost of meals, entertainment, and t-shirts	-	-	-	42,860	42,860	
Cost of bookstore sales	-	-	23,357	-	23,357	
Miscellaneous expenses	11,059	64,002	1,507	10,302	86,870	
Cost of donated services	-	21,000	-	-	21,000	
Loss on disposal of assets	-	4,836	-	-	4,836	
<b>TOTAL EXPENSES</b>	<b>392,830</b>	<b>1,226,900</b>	<b>173,014</b>	<b>293,757</b>	<b>2,086,501</b>	
Less expenses included with revenue on the statement of activities	-	-	(23,357)	(42,860)	(66,217)	
Total expenses included in the expense section of the statement of activities	\$ 392,830	\$ 1,226,900	\$ 149,657	\$ 250,897	\$ 2,020,284	

See accompanying notes

RIVEREDGE NATURE CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2018

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL
	Land Conservation	Environmental Education		General Administration	Fundraising		
Salaries	\$ 227,873	\$ 585,556		\$ 84,694	\$ 105,645	\$	\$ 1,003,768
Employee benefits	30,938	79,512		11,503	14,338		136,291
Payroll taxes	17,203	44,213		6,396	7,973		75,785
Professional development/staff recruitment	120	4,150		53	665		4,988
Buildings and grounds supplies/maintenance	38,554	18,179		1,006	5,555		63,294
Depreciation	8,291	60,524		11,607	2,488		82,910
Insurance	3,416	30,740		2,698	-		36,854
Property taxes	3,499	-		-	-		3,499
Fundraising	-	1,180		552	310		2,042
Utilities	4,956	12,291		1,982	595		19,824
Professional fees	5,295	30,972		6,884	131,744		174,895
Office supplies	-	16		2,487	22		2,525
Office equipment and maintenance	2,492	9,721		983	792		13,988
Dues and subscriptions	-	392		-	-		392
Printing	921	5,985		1,381	921		9,208
Postage	581	3,780		291	1,163		5,815
Telephone	1,330	6,205		443	886		8,864
Travel	2,110	26,361		1,444	6,266		36,181
Promotional materials	3,127	8,757		-	626		12,510
Advertising	1,850	5,181		-	370		7,401
Marketing/public relations	6,120	17,136		-	1,224		24,480
Education expenses	-	30,282		3,093	20,044		53,419
Bookstore expenses	80	635		80	-		795
Cost of meals, entertainment, and t-shirts	-	-		-	19,538		19,538
Cost of bookstore sales	-	-		20,041	-		20,041
Miscellaneous expenses	1,008	84,081		1,575	8,896		95,560
Cost of donated services	-	19,937		-	2,063		22,000
<b>TOTAL EXPENSES</b>	<b>359,764</b>	<b>1,085,786</b>		<b>159,193</b>	<b>332,124</b>		<b>1,936,867</b>
Less expenses included with revenue on the statement of activities	-	-		(20,041)	(19,538)		(39,579)
Total expenses included in the expense section of the statement of activities	\$ 359,764	\$ 1,085,786		\$ 139,152	\$ 312,586		\$ 1,897,288

See accompanying notes



RIVEREDGE NATURE CENTER, INC.  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 665,397	\$ 435,691
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	103,727	82,910
Loss on disposal of assets	4,836	-
Change in unrealized gain on investments	(57,598)	203,665
Realized gain on investments	(109,706)	(329,282)
(Increase) decrease in:		
Contributions and pledges receivable	275,030	(814,540)
Accounts receivable	(143,085)	(16,006)
Inventory	(3,896)	(6,942)
Prepaid expenses	(242,106)	4,806
Increase (decrease) in:		
Accounts payable and accrued liabilities	15,070	(11,839)
Unearned revenue	6,432	5,382
	<u>514,101</u>	<u>(446,155)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(1,624,177)	(4,347,255)
Proceeds from sale of investments	2,115,971	4,899,578
Purchases of property and equipment	(1,010,240)	(169,528)
Renewals of certificates of deposit	(540)	(101)
	<u>(518,986)</u>	<u>382,694</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
<b>NET DECREASE IN CASH</b>	(4,885)	(63,461)
<b>BEGINNING CASH</b>	<u>184,665</u>	<u>248,126</u>
<b>ENDING CASH</b>	<u>\$ 179,780</u>	<u>\$ 184,665</u>

See accompanying notes

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies affecting the financial statements of Riveredge Nature Center, Inc. (the Center):

a) Business Organization

The Center is a nonprofit organization exempt from income tax under section 501(c)(3) of the U. S. Internal Revenue Code and is not a private foundation. The Center's mission is to conduct environmental educational programs, conserve the natural environment for long-term benefits, and further natural environment research through organized scientific observation and experiments. The financial statements are prepared on the accrual basis of accounting.

b) Cash and Savings Deposits

Cash and savings deposits are defined as cash on hand and in bank checking and savings accounts.

c) Investments

Investments consist of mutual funds and money market accounts, which are stated at fair value based on quoted market prices.

d) Contributions and Pledges Receivable

Contributions and pledges receivable (unconditional promises to give) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using applicable risk-free interest rates. Amortization of the discount is included in contribution revenue. When applicable, the Center uses the allowance method to record uncollectible contributions and pledges receivable based upon prior years' experience and management's analysis of specific promises. At June 30, 2019 and 2018, no allowance for uncollectible contributions and pledges receivable has been provided. Management has evaluated the accounts and believes they are all collectible.

e) Accounts Receivable

Accounts receivable for program service fees or cost reimbursements are stated at management's expected net realizable value of outstanding balances. When applicable, an allowance for uncollectible accounts is established for differences between the amount due and the amount management expects to collect. Accounts receivable balances are due when invoiced and are managed on an account-by-account basis. At June 30, 2019 and 2018, no allowance for uncollectible accounts has been provided. Management has evaluated the accounts and believes they are all collectible.

f) Inventory

Inventory, which consists primarily of books and clothing held for resale, is stated at the lower of cost or net realizable value, with cost being calculated on a first in - first out basis.

g) Property, Equipment and Depreciation

Property and equipment is stated at cost or, if donated, at the approximate fair market value at the date of donation. The Center does not imply a time restriction that expires over the useful life of donated assets. Minor additions and repairs are expensed in the year incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 40 years.

h) Advertising

Advertising costs are expensed as incurred.

RIVEREDGE NATURE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Presentation of Net Assets

Under current accounting standards, the Center is required to report net assets in one of two categories: net assets without restrictions or net assets with restrictions. Net assets with restrictions relate to contributions and grants received for a specific purpose but not yet expended or contributions received that are restricted in perpetuity with earnings to be used for the Center. All other net assets are without donor restrictions.

j) Contributions

Contributions and pledges are recognized in income when an unconditional promise to give is made. The Center solicits contributions from various local and national private organizations, as well as from individuals located in Southeastern Wisconsin. Consequently, the Center's ability to collect the amount of pledges due from its contributors is affected by the general economic fluctuations in various industries.

Contributions are reported as unrestricted, temporarily restricted, or permanently restricted depending on the existence of donor stipulations that limit the use of the support. Restricted contributions whose restriction is met in the same reporting period as the contribution is received are reported as unrestricted contributions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. The donor restriction never expires on permanently restricted contributions. Only the net investment earnings on those permanently restricted contributions will be expended.

k) Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been judgmentally allocated among the programs and supporting services benefited.

l) Expense Classifications

The expenses of the Center are allocated to four different functional categories based on management's estimate of the time and on expense spent for each of the functions. These functions are defined as follows:

*Land conservation* – The cost of maintaining and preserving the land.

*Environmental education* – The cost of preparing and leading educational programs for members and the public-at-large.

*Fundraising* – The cost of soliciting and obtaining funds to further the mission of the Center.

*General administration* – The cost of operating the Center's offices, including gathering, processing, and maintaining financial and legal information.

m) Uncertain Tax Positions

The Center's current accounting policy is to disclose liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor is it aware of any exposure to unrelated business income tax.

The Center files tax returns in the U.S. federal jurisdiction and the state of Wisconsin. The Center does not have any tax returns currently under examination by a federal or state jurisdiction.

n) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RIVEREDGE NATURE CENTER, INC.  
 NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Uninsured Cash Balances

The Center maintains cash balances in two commercial banks. These balances may at times exceed the federally insured limit of \$250,000. The Center has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

p) Accounting Pronouncement Adopted

The Financial Accounting Standards Board issued a new standard that amends the reporting model for nonprofit organizations and enhances required disclosures. The major changes impacting the Center include: (a) requiring the presentation of only two classes of net assets – net assets without restrictions and net assets with restrictions (b) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources. The Center has adopted this standard with issuance of these statements.

The FASB has issued a new revenue recognition standard. The new standard outlines a single comprehensive model for entities to use in accounting for revenue and supersedes most previous revenue recognition guidance. The new standard is effective for the Center beginning July 1, 2019. The Center is continuing to assess the impact of the new standard and, while anticipating only a financial statements disclosures impact, it has not yet fully determined the impact of the new standard on its financial statements.

The FASB has issued a new standard intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new standard will result in significant changes to the financial reporting and disclosures related to both operating and capital leases. The new standard is effective for the Center beginning July 1, 2020. The adoption of the new standard is not expected to have a material impact on the Center's financial statements and disclosures except upon initial adoption.

q) Date of Management Evaluation

The Center's management has evaluated subsequent events through October 2, 2019, the date the financial statements were available to be issued.

NOTE 2 - CONTRIBUTIONS AND PLEDGES RECEIVABLE

The Center's contributions and pledges receivable as of June 30, 2019 and 2018 are \$554,028 and \$829,058, respectively, and are recorded at an estimated net realizable value equal to full value. Some pledges receivable are scheduled to be paid over one to four years but are not recorded at present value due to the minor impact of the calculated discount.

NOTE 3 - INVESTMENTS AT FAIR VALUE

Independent investment companies hold the Center's investments. Investments at June 30, 2019 and 2018, consist of the following:

	2019		2018	
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>
Mutual funds	\$4,555,010	\$3,318,118	\$4,879,479	\$4,509,907
Money market funds	-	-	21	21
	<u>\$4,555,010</u>	<u>\$3,318,118</u>	<u>\$4,879,500</u>	<u>\$4,509,928</u>

RIVEREDGE NATURE CENTER, INC.  
 NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS AT FAIR VALUE (CONTINUED)

The components of investment income (without donor restrictions and with donor restrictions) consist of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividend income	\$ 126,242	\$ 144,173
Net realized gain on sale of investments	109,706	329,282
Change in unrealized gain on investments	57,598	(203,665)
Investment management fees	<u>(15,971)</u>	<u>(35,672)</u>
	<u>\$ 277,575</u>	<u>\$ 234,118</u>

The Center's investments are stated at fair value. The fair value of an asset is the amount at which that asset could be bought or sold in an orderly transaction between willing parties, that is, other than in a forced or liquidation sale. The Center's investments at fair value have been classified, for disclosure purposes, based on a hierarchy of inputs used to measure fair value as defined by Financial Accounting Standards Board. The input levels of the fair value hierarchy are broadly summarized as follows:

- Level 1 - Quoted prices in active markets for identical securities.
- Level 2 - Other significant observable inputs (including quoted prices for similar securities).
- Level 3 - Significant unobservable inputs (including the Center's own assumptions in determining the value of investments).

The Center's investment assets at fair value are measured on a recurring basis. The following tables, set forth by level within the hierarchy described above, display the Center's investments at June 30, 2019 and 2018, classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect their placement within the fair value hierarchy levels.

<u>June 30, 2019</u>	<u>Fair Value</u>	<u>Level 1</u>
Mutual Funds	\$ 4,555,010	\$ 4,555,010
<u>June 30, 2018</u>	<u>Fair Value</u>	<u>Level 1</u>
Mutual Funds	\$ 4,879,479	\$ 4,879,479
Money Market Funds	<u>21</u>	<u>21</u>
	<u>\$ 4,879,500</u>	<u>\$ 4,879,500</u>

NOTE 4 - PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION

The Center maintains property, plant and equipment at June 30, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Land	\$ 809,910	\$ 809,910
Buildings and land improvements	3,079,295	2,128,018
Equipment	368,757	340,791
Vehicles	55,046	28,399
Construction in progress	<u>-</u>	<u>20,840</u>
	4,313,008	3,327,958
Accumulated depreciation	<u>(1,736,219)</u>	<u>(1,652,846)</u>
	<u>\$ 2,576,789</u>	<u>\$ 1,675,112</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$103,727 and \$82,910, respectively.

RIVEREDGE NATURE CENTER, INC.  
 NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PENSION PLAN

The Board of Directors of the Center established Riveredge Nature Center Defined Contribution Plan (the Plan) as of January 1989. The Plan was restated effective January 2018. Beginning in January 2018, all employees are eligible upon date of hire or later to begin elective deferrals. The Plan allows for discretionary matching contributions to be made by the Center for which all employees are eligible except seasonal employees or part-time employees working less than 1,000 hours per year. Those eligible for matching contributions will begin to receive them upon completion of three months of service in which a minimum of 83 1/3 hours are worked in each of the months. Employees are immediately 100% vested in all deferrals and matching contributions. The cost to the Center was \$25,399 and \$16,223, for the years ended June 30, 2019 and 2018, respectively.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets restricted by the donor to be used for a specific purpose are:

	<u>2019</u>	<u>2018</u>
Donations for periods after June 30	\$ 554,028	\$ 829,058
Land conservation donor-designated uses	20,945	1,650
Environmental education donor-designated uses	119,246	94,877
Promoting and continuing the educational legacy of Andy Larsen (Endowment income)	307,870	299,616
Maintenance and upkeep of the East Property location (Endowment income)	9,901	9,392
Other donor-designated uses	<u>1,370</u>	<u>137,968</u>
	<u>\$ 1,013,360</u>	<u>\$ 1,372,561</u>

Net assets restricted permanently by the donor (see Endowments Note 8) are:

	<u>2019</u>	<u>2018</u>
Andy Larsen Legacy Fund	\$ 1,037,723	\$ 1,037,723
Jane B. Pettit Fund	1,500,000	1,500,000
East Property Endowment Fund	<u>63,030</u>	<u>63,030</u>
	<u>\$ 2,600,753</u>	<u>\$ 2,600,753</u>

Net assets permanently restricted by the donor consist of three endowment funds listed above. Income from the Andy Larsen Legacy Fund is donor-designated to be used for promoting and continuing the educational legacy of Andy Larsen and is donor restricted; income from the Jane B. Pettit Fund for Environmental Education does not have an explicit donor restriction; and, income from the East Property Endowment Fund is donor-designated to be used for maintenance and upkeep of the East Property location and is donor restricted.

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS

The Center's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 1,064,712	\$ 941,791
Board designated for preservation	1,000,000	1,000,000
Investment in property	<u>2,576,789</u>	<u>1,675,112</u>
	<u>\$ 4,641,501</u>	<u>\$ 3,616,903</u>

RIVEREDGE NATURE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - ENDOWMENTS

The Center's endowments consist of three funds established for a variety of purposes. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Center's endowments arose from donor-restricted gifts.

The Center classifies as permanently restricted net assets the original value of gifts donated as permanent endowments and the original value of subsequent gifts donated to permanent endowments. Accumulated amounts in excess of gift values have a donor-designated purpose for two of the funds; for one of the funds, there is no donor restriction on amounts in excess of gift value (see Note 6). For the two funds with a donor-restriction on amounts in excess of gift value, these amounts are classified as temporarily restricted net assets until appropriated for expenditure by the Center in a manner consistent with the donor-designated purpose of the fund.

Endowment net asset composition by type of fund at June 30, 2019 and 2018 consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>2019:</b>				
Donor-restricted endowment funds	\$ 3,347	\$ 317,771	\$ 2,600,753	\$ 2,921,871
<b>2018:</b>				
Donor-restricted endowment funds	\$ (6,189)	\$ 309,008	\$ 2,600,753	\$ 2,903,572

Changes in endowment net assets for the years ended June 30, 2019 and 2018 were:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>2019:</b>				
Endowment net assets, beginning of year	\$ (6,189)	\$ 309,008	\$ 2,600,753	\$ 2,903,572
Investment income	33,190	31,295	-	64,485
Realized and unrealized depreciation on investments	51,128	48,334	-	99,462
Appropriation of endowment assets for expenditure	<u>(74,782)</u>	<u>(70,866)</u>	<u>-</u>	<u>(145,648)</u>
Endowment net assets, end of year	<u>\$ 3,347</u>	<u>\$ 317,771</u>	<u>\$ 2,600,753</u>	<u>\$ 2,921,871</u>
<b>2018:</b>				
Endowment net assets, beginning of year	\$ 1,408	\$ 319,124	\$ 2,600,753	\$ 2,921,285
Investment income	30,475	28,906	-	59,381
Realized and unrealized depreciation on investments	35,550	33,615	-	69,165
Appropriation of endowment assets for expenditure	<u>(73,622)</u>	<u>(72,637)</u>	<u>-</u>	<u>(146,259)</u>
Endowment net assets, end of year	<u>\$ (6,189)</u>	<u>\$ 309,008</u>	<u>\$ 2,600,753</u>	<u>\$ 2,903,572</u>

Endowment Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds may fall below the amount that the Center classifies as a fund's permanently restricted net assets. This may happen either due to unfavorable market fluctuations or due to appropriations by the Center in execution of its endowment spending policies (see a description of the policies below). In accordance with generally accepted accounting principles, deficiencies of this nature reported in unrestricted net assets were \$-0- and \$6,189 as of June 30, 2019 and 2018, respectively. The deficiency at June 30, 2018 resulted from appropriations by the Center in execution of its endowment spending policies.

NOTE 8 - ENDOWMENTS (CONTINUED)

Endowment Objectives and Related Investment Strategies and Spending Policies

The Center has established investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for the purposes of the endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for any donor-specified period. Under asset allocation policies adopted and implemented by the Finance Committee of the Board, the Center identifies authorized classes of assets and the percentage ranges they will represent of the total portfolio in order to provide diversification of assets in an effort to preserve capital and produce a reasonable, risk-adjusted return to the funds. The Finance Committee, at least annually, reviews investment performance against stated objectives and rebalances investment portfolio assets back to the asset allocation ranges.

The Center's goal is stable real returns by maintaining a balanced portfolio that seeks to provide a long term return of 5% net of investment costs. The Center accepts that actual returns in any given year will vary. Annually the Center may budget and transfer to operations a portion of the balance in the endowment funds. Budgeting for transfers uses a formula that allows up to 5% of the rolling three-year average December 31st market value of the endowment funds to be transferred to operations in the next fiscal year. The amount collectively budgeted for transfer, as well as the allocation of the amount among the funds, is as determined by the Center to be prudent for the uses, benefits, purposes and duration for which the endowment funds were established. The Center seeks to always maintain the fair value of the collective assets associated with the endowment funds at or above a baseline defined as the amount that the Center classifies as permanently restricted net assets.

However, the Center's prudent investment and spending decisions may at times result in the fair value of assets associated with an individual endowment fund falling below the amount that the Center classifies as that fund's baseline. All transfers of endowment funds to operations must be approved by the Board of Directors. There are no loans from the funds allowed to support the Center's operations.

The Center evaluates the investment and spending policies for its endowment assets in relation to the state of Wisconsin's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Center believes that its investment policies are in conformity with state law and will allow the Center to maintain the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 9 - DONATED GOODS AND SERVICES

The Center received donations of goods used for programs of \$7,597 and \$9,218 for the years ended June 30, 2019 and 2018, respectively.

Because the criteria for recognition under accounting standards have been satisfied, the Center recognized donated services of volunteer teacher naturalists and other professional services totaling \$21,000 and \$22,000 for the years ended June 30, 2019 and 2018, respectively.

Many other individuals volunteer their time and perform a variety of tasks that assist the Center with environmental education, land conservation, fundraising activities, and various committee assignments. The Center receives more than 10,000 hours per year from these volunteers, but the dollar value is not recorded because the services do not meet the criteria for recognition.



RIVEREDGE NATURE CENTER, INC.  
 NOTES TO FINANCIAL STATEMENTS

NOTE 10 - REVOLVING LINE OF CREDIT

The Center signed an agreement for an unsecured available \$1,500,000 line of credit with Commerce State Bank on February 7, 2019. Interest rate on the borrowing is 4.5% (at June 30, 2019), with interest payable monthly. There were no borrowings outstanding on the line of credit at the year ended June 30, 2019. The line of credit has no maturity date and is payable on demand.

NOTE 11 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash	\$ 179,780	\$ 184,665
Certificates of deposit	57,533	56,993
Total receivables	751,015	882,960
Investments	<u>4,555,010</u>	<u>4,879,500</u>
	5,543,338	6,004,118
Less: Amounts with donor restrictions - temporary	(1,013,360)	(1,372,561)
Amounts with donor restrictions - permanent	(2,600,753)	(2,600,753)
Amounts unavailable without Board's approval	<u>(1,000,000)</u>	<u>(1,000,000)</u>
	<u>\$ 929,225</u>	<u>\$ 1,030,804</u>

The Center maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 12 - COMMITMENTS

During the year ended June 30, 2019, the Organization and Board committed to building the River Outpost which is expected to cost approximately \$580,000. As of June 30, 2019, costs incurred on the construction totaled \$3,125, leaving a remaining commitment of approximately \$577,000. As of June 30, 2019, the Organization has received pledges of \$553,953 to be applied to this commitment and future commitments.

SUPPLEMENTARY INFORMATION



Kieckhafer, Dietzler, Hauser, Hanson LLP

INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
Riveredge Nature Center, Inc.  
West Bend, Wisconsin

We have audited the financial statements of Riveredge Nature Center, Inc. as of and for the years ended June 30, 2019 and 2018 and have issued our report thereon dated October 2, 2019, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

The information included in the accompanying Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Kieckhafer, Dietzler, Hauser, Hanson, LLP*

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Kieckhafer, Dietzler, Hauser, Hanson LLP  
West Bend, Wisconsin

October 2, 2019

RIVEREDGE NATURE CENTER, INC.  
 SCHEDULE 1 - STATEMENT OF FINANCIAL POSITION BY FUND  
 June 30, 2019

ASSETS	Operating Fund	Board Conservation Fund	Property Fund	Andy Larsen Legacy Fund	East Prop Endowment Fund	Pettit Endowment Fund	TOTAL
Cash and savings deposits	\$ 179,780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,780
Certificates of deposit	57,533	-	-	-	-	-	57,533
Investments, at fair value	635,839	1,000,000	-	1,345,593	72,931	1,500,647	4,555,010
Contributions and pledges receivable, net	554,028	-	-	-	-	-	554,028
Accounts receivable	196,987	-	-	-	-	-	196,987
Inventory	47,556	-	-	-	-	-	47,556
Prepaid expenses	278,621	-	-	-	-	-	278,621
Land	-	-	809,910	-	-	-	809,910
Buildings, land improvements and equipment, net	-	-	1,766,879	-	-	-	1,766,879
<b>TOTAL ASSETS</b>	<b>\$ 1,950,344</b>	<b>\$ 1,000,000</b>	<b>\$ 2,576,789</b>	<b>\$ 1,345,593</b>	<b>\$ 72,931</b>	<b>\$ 1,500,647</b>	<b>\$ 8,446,304</b>
<b>LIABILITIES AND NET ASSETS</b>							
Accounts payable	\$ 8,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,974
Other accrued liabilities	39,821	-	-	-	-	-	39,821
Unearned program fees	141,895	-	-	-	-	-	141,895
<b>TOTAL LIABILITIES</b>	<b>190,690</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>190,690</b>
Net assets without donor restrictions:							
Board designated	-	1,000,000	-	-	-	-	1,000,000
Undesignated by board	1,064,065	-	-	-	-	647	1,064,712
Investment in property	-	-	2,576,789	-	-	-	2,576,789
<b>TOTAL NET ASSETS</b>	<b>1,064,065</b>	<b>1,000,000</b>	<b>2,576,789</b>	<b>-</b>	<b>-</b>	<b>647</b>	<b>4,641,501</b>
Net assets with donor restrictions:							
Temporary	695,589	-	-	307,870	9,901	-	1,013,360
Permanent	-	-	-	1,037,723	63,030	1,500,000	2,600,753
<b>TOTAL NET ASSETS</b>	<b>1,759,654</b>	<b>1,000,000</b>	<b>2,576,789</b>	<b>1,345,593</b>	<b>72,931</b>	<b>1,500,647</b>	<b>8,255,614</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,950,344</b>	<b>\$ 1,000,000</b>	<b>\$ 2,576,789</b>	<b>\$ 1,345,593</b>	<b>\$ 72,931</b>	<b>\$ 1,500,647</b>	<b>\$ 8,446,304</b>

See accompanying note to supplementary information

RIVEREDGE NATURE CENTER, INC.  
 SCHEDULE 2 - STATEMENT OF ACTIVITIES BY FUND  
 For the Year Ended June 30, 2019

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue, gains and other support

Contributions:

Operating fund drive, capital campaign, and other contributions	\$ 1,164,937								
Memorials	11,808								
Donated services	28,597								
Special program support	354,883								
Program fees	225,988								
School programs	104,912								
Investment income (net \$6,476 investment expenses)	45,786								
Realized and unrealized depreciation on investments	67,842								
Rental income	24,030								
Merchandising	52,473								
Less: Cost of sales	(23,357)								
Fundraising events	175,582								
Less: Cost of direct benefit to donors	(42,860)								
Net assets released from restrictions	699,077								

TOTAL REVENUE, GAINS, AND OTHER SUPPORT

Expenses and losses

Program services:

Land conservation	382,457								
Environmental education	1,151,179								
Supporting services:									
General administration	135,135								
Fundraising	247,785								
TOTAL EXPENSES AND LOSSES	1,916,556								

INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Contributions

Investment income (net of \$9,495 investment expenses)	331,113								
Realized and unrealized depreciation on investments	-								
Net assets released from restrictions	(699,077)								

INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS

INCREASE (DECREASE) IN NET ASSETS

Beginning net assets

Operating transfers in (out)

ENDING NET ASSETS

See accompanying note to supplementary information

	Operating Fund	Board Conservation Fund	Property Fund	Andy Larsen Legacy Fund	East Prop Endowment Fund	Pettit Endowment Fund	TOTAL
	\$ 1,164,937	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,164,937
	11,808	-	-	-	-	-	11,808
	28,597	-	-	-	-	-	28,597
	354,883	-	-	-	-	-	354,883
	225,988	-	-	-	-	-	225,988
	104,912	-	-	-	-	-	104,912
	45,786	-	-	-	33,190	-	78,976
	67,842	-	-	-	51,128	-	118,970
	24,030	-	-	-	-	-	24,030
	52,473	-	-	-	-	-	52,473
	(23,357)	-	-	-	-	-	(23,357)
	175,582	-	-	-	-	-	175,582
	(42,860)	-	-	-	-	-	(42,860)
	699,077	-	-	67,239	3,627	-	769,943
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	2,889,698	-	-	67,239	3,627	84,318	3,044,882
Expenses and losses							
Program services:							
Land conservation	382,457	-	10,373	-	-	-	392,830
Environmental education	1,151,179	-	75,721	-	-	-	1,226,900
Supporting services:							
General administration	135,135	-	14,522	-	-	-	149,657
Fundraising	247,785	-	3,112	-	-	-	250,897
TOTAL EXPENSES AND LOSSES	1,916,556	-	103,728	-	-	-	2,020,284
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	973,142	-	(103,728)	67,239	3,627	84,318	1,024,598
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS							
Contributions	331,113	-	-	-	-	-	331,113
Investment income (net of \$9,495 investment expenses)	-	-	-	29,635	1,660	-	31,295
Realized and unrealized depreciation on investments	-	-	-	45,858	2,476	-	48,334
Net assets released from restrictions	(699,077)	-	-	(67,239)	(3,627)	-	(769,943)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(367,964)	-	-	8,254	509	-	(359,201)
INCREASE (DECREASE) IN NET ASSETS	605,178	-	(103,728)	75,493	4,136	84,318	665,397
Beginning net assets	2,014,233	1,000,000	1,675,112	1,337,339	72,422	1,491,111	7,590,217
Operating transfers in (out)	(859,757)	-	1,005,405	(67,239)	(3,627)	(74,782)	
ENDING NET ASSETS	\$ 1,154,476	\$ 1,000,000	\$ 2,676,917	\$ 1,345,593	\$ 72,931	\$ 1,500,647	\$ 8,255,614

RIVEREDGE NATURE CENTER, INC.  
NOTE TO SUPPLEMENTARY INFORMATION

NOTE 1 - NET ASSETS

The net assets for Riveredge Nature Center, Inc. (the Center) are divided into seven different areas:

Operating Fund

Operating fund, which includes unrestricted and donor-restricted resources, represents the portion of expendable funds that are available for support of Center operations.

Board Conservation Fund

Conservation fund represents designated funds that have been established by the Board of Directors to provide support for the Center.

Property Fund

Property fund represents the board-designated historical investment in property.

Andy Larsen Legacy Fund

The fund represents donor-restricted resources of which the income will be used for promoting and continuing the legacy of Andy Larsen.

East Property Endowment Fund

The fund represents donor-restricted resources of which the income will be used for maintenance and upkeep of the East Property location.

Jane B. Pettit Endowment Fund for Environmental Education

Pettit fund represents donor-restricted resources of which the income will be used for environmental education and other needs of the Center.