RIVEREDGE NATURE CENTER, INC.
NEWBURG, WISCONSIN

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2023

RIVEREDGE NATURE CENTER, INC.
NEWBURG, WISCONSIN

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KRAUSE & ASSOCIATES, S.C.
CERTIFIED PUBLIC ACCOUNTANT

1214 BRIDGE STREET
P.O. BOX 368
GRAFTON, WISCONSIN 53024

TELEPHONE: (262) 377-9988
FAX: (262) 377-9617

Independent Auditor's Report

Board of Directors
Riveredge Nature Center, Inc.
Newburg, Wisconsin

Opinion

We have audited the accompanying financial statements of Riveredge Nature Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riveredge Nature Center, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Riveredge Nature Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Riveredge Nature Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Riveredge Nature Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Riveredge Nature Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Financial Position by Fund and Statement of Activities by Fund are 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 audit 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 the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Krause & Associates, SC

Krause & Associates, SC
Grafton, Wisconsin
November 1, 2023

RIVEREDGE NATURE CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS	
Cash and cash equivalents	$ 469,867
Certificate of deposit	23,317
Contributions and grants receivable	427,025
Accounts receivable	11,444
Inventory	46,402
Prepaid expenses	47,653
Finance lease right of use asset	23,492
Investments	5,068,245
Subtotal	6,117,445
PROPERTY AND EQUIPMENT	
Land	1,825,605
Buildings and building improvements	4,685,788
Furniture and equipment	683,898
Vehicles	55,046
Total property and equipment	7,250,337
Accumulated depreciation	(2,473,211)
Property and equipment, net	4,777,126
TOTAL ASSETS	$10,894,571
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 40,733
Accrued payroll and payroll liabilities	48,525
Deferred revenue	216,967
Finance lease liability	23,708
TOTAL LIABILITIES	329,933
NET ASSETS	
Without donor restrictions	6,765,431
With donor restrictions	3,799,207
TOTAL NET ASSETS	10,564,638
TOTAL LIABILITIES AND NET ASSETS	$10,894,571

The accompanying notes are an integral part of these financial statements.

RIVEREDGE NATURE CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions:			
General contributions	$ 307,390	$ 201,360	$ 508,750
Memorials and bequests	46,858	-	46,858
Membership contributions	72,593	-	72,593
In-kind contributions	398,153	-	398,153
Special program support	270,456	319,083	589,539
Program fees	300,329	-	300,329
School programs	109,429	-	109,429
Rental income	161,962	-	161,962
Merchandise sales	57,462	-	57,462
Less: Cost of sales	(33,757)	-	(33,757)
Special event revenue	183,505	-	183,505
Less: Direct benefit to donor costs	(19,979)	-	(19,979)
Investment income, net of investment fees	330,552	150,473	481,025
Released from restrictions	585,636	(585,636)	-
Total revenue & support	2,770,589	85,280	2,855,869
EXPENSES			
Program services:			
Land conservation	660,491		660,491
Environmental education	1,469,986	-	1,469,986
Total program services	2,130,477		2,130,477
Supporting services:			
General and administrative	179,842	-	179,842
Fundraising and development	163,205	-	163,205
Total supporting services	343,047	-	343,047
Total expenses	2,473,524	-	2,473,524
Changes in net assets	297,065	85,280	382,345
Beginning net assets	6,468,366	3,713,927	10,182,293
Ending net assets	$ 6,765,431	$ 3,799,207	$ 10,564,638

The accompanying notes are an integral part of these financial statements.

RIVEREDGE NATURE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services		Supporting Services		
	Land conservation	Environmental education	General & administrative	Fundraising & development	Total
Advertising	$ 548	$ 1,534	$ -	$ 110	$ 2,192
Bookstore	31	246	31	-	308
Buildings and grounds supplies/maintenance	151,072	151,931	1,193	1,032	305,228
Cost of bookstore sales	-	-	33,757	-	33,757
Depreciation	21,448	156,567	30,026	6,434	214,475
Dues and memberships	-	84	-	-	84
Education	19,346	8,515	-	5,934	33,795
Events	-	-	-	19,979	19,979
Fundraising	767	296	245	-	1,308
Insurance	7,526	67,733	3,354	-	78,613
Marketing and public relations	2,990	8,371	-	598	11,959
Miscellaneous	27,029	31,867	887	7,796	67,579
Office equipment and maintenance	26,077	38,063	2,261	2,217	68,618
Office supplies	-	-	1,524	328	1,852
Payroll expenses:					-
Salaries and wages	302,501	668,237	103,340	108,006	1,182,084
Employee benefits	44,707	98,761	15,269	15,968	174,705
Payroll taxes	22,626	49,982	7,728	8,081	88,417
Postage and shipping	337	2,191	169	674	3,371
Printing	1,028	6,685	1,543	1,028	10,284
Professional fees	3,874	121,187	5,036	581	130,678
Professional development/staff recruitment	10	1,204	3,239	-	4,453
Promotional materials	3,449	9,658	-	690	13,797
Property taxes	4,685	-	-	-	4,685
Telephone	2,445	11,411	815	1,630	16,301
Travel	10,074	15,818	13	1,147	27,052
Utilities	7,921	19,645	3,169	951	31,686
Total expenses	660,491	1,469,986	213,599	183,184	2,527,260
Less expenses net with revenues:					
Cost of sales	-	-	(33,757)	-	(33,757)
Cost of special events	-	-	-	(19,979)	(19,979)
	$ 660,491	$ 1,469,986	$ 179,842	$ 163,205	$ 2,473,524

The accompanying notes are an integral part of these financial statements.

RIVEREDGE NATURE CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 382,345
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation and amortization	214,475
In-kind donation of property capitalized	(360,000)
Realized and unrealized (gain) loss on investments	(473,337)
Amortization of discount on finance lease liability	217
Decrease in contributions and grants receivable	21,640
Decrease in accounts receivable	91,980
Increase in inventory	(638)
Decrease in prepaid expenses	245,927
Increase in accounts payable	5,136
Increase in accrued payroll and payroll liabilities	2,950
Increase in deferred revenue	23,840
Net cash provided by operating activities	154,535
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from certificates of deposit	34,952
Proceeds from sale of investments	6,564,771
Purchases of investments	(6,931,570)
Purchase of property and equipment	(921,042)
Net cash used in investing activities	(1,252,889)
Net decrease in cash and cash equivalents	(1,098,354)
Cash and cash equivalents, beginning of year	1,568,221
Cash and cash equivalent, end of year	$ 469,867

Supplemental cash flow information:

Cash paid during the year for interest	$ -
In-kind contributions received	$ 398,153

The accompanying notes are an integral part of these financial statements.

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Organization and business activity

   Riveredge Nature Center, Inc. (Center) is a non-profit organization and is incorporated under the laws of the State of Wisconsin. 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.

2. Cash and cash equivalents

   The Center considers all highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

3. Contributions and grants receivable

   The Center records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Center determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions and grants receivable are written off when deemed uncollectable. At June 30, 2023, management determined that no allowance for uncollectible contributions receivable was required.

4. 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.

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Accounts receivable and credit policies

Accounts receivable consist of noninterest-bearing amounts due for program and rental services. The Center determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. Receivables from contracts with customers are reported as accounts receivable, in the accompanying statement of financial position. Contract liabilities are reported as deferred revenue in the accompanying statement of financial position.

6. Investments

The Center records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Investment securities, in general, are inherently subject to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

7. Property and equipment

Property and equipment are recorded at cost or fair market value if donated. The Center's policy is to capitalize all tangible assets which separately or in the aggregate have an acquisition cost of $5,000 or greater. Major additions and improvements are capitalized. Property and equipment are depreciated over the estimated useful lives of the assets using the straight-line method. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation expense for the year ended June 30, 2023 was $214,475.

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Property and equipment – continued

The Center reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2023.

8. Net assets

The Center follows the accrual method of accounting wherein revenues and expenses are recorded in the period earned or incurred. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Center reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

9. Revenue and Revenue Recognition

The Center provides program activities to individuals and schools, rents its facilities to individuals or other organizations, and sells merchandise in its gift shop. These activities are deemed to be exchange transactions and provide a fixed fee for services that is paid either at the time of the activity or in advance of the activity. In either case, these activities have performance obligations satisfied at a

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Revenue and Revenue Recognition - continued

point in time when the activity is held. Program fees do not give rise to variable consideration such as rebates that would otherwise decrease the transaction price. For programs and rentals where the deposit is received in advance of the date it occurs, deferred revenue is recorded. The balance of deferred revenue is $216,967 at June 30, 2023.

The Center offers memberships for purchase. In general, membership in the Center provides minimal discounts to programming and the bookstore. The discounts could be available to the general public. Membership to the Center is renewed on an annual basis. The Center does not refund membership dues. Due to the de minimis nature of the benefits received, the Center considers membership dues as contributions.

The Center hosts fundraising activities. The Center also provides the opportunity for sponsors to promote their own businesses during the events. Registration and sponsorships for the Center's events opens months before the events are scheduled to be held. Registrations and sponsorships collected in advance of the events are deferred as contract liabilities until earned when the event is held at which point the revenue is recognized. At June 30, 2023, there were no assets or obligations related to revenue from contracts with customers included in deferred revenue.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of June 30, 2023, the Center has two cost-reimbursed grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Consequently, as of June 30, 2023, cost reimbursed grants totaling $76,590 have not been recognized in the accompanying financial statements because qualifying expenditures have not yet been incurred. No amounts have been received in advance under the grants.

Revenues are reported as increases in net assets without restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restrictions. Gains and losses on investments

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Revenue and Revenue Recognition - continued

are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as released from restrictions.

10. Advertising costs

Advertising costs are charged to general operations as incurred. Advertising costs totaled $2,192 for the year ended June 30, 2023.

11. Donated services and in-kind contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Center records donated professional services at the respective fair values of the services received. See note L.

12. Allocation of functional expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, salaries and wages, benefits, payroll taxes, professional services, office expenses, supplies, insurance, and other, which are allocated on the basis of estimates of time and effort.

13. Use of estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Income taxes

The Center is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Center evaluates its tax positions and assesses their uncertainty, if any, through review and application of various sources of tax authority including statutes, regulations, rulings, court cases and widely held administrative practices.

The Center informational returns are subject to examination by the IRS, generally for three years after they were filed. Management believes that no uncertain tax positions exist for the Center at June 30, 2023. The Center has not incurred any interest or penalties for income taxes for the year ended June 30, 2023.

15. New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance in *Topic 840, Leases*. The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842;* ASU 2018-10, *Codification Improvements to Topic 842, Leases;* ASU 2018-11, *Leases (Topic 842): Targeted Improvements;* ASU 2018-20, *Narrow-scope Improvements for Lessors;* ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-to-use (ROU) assets and lease liabilities on the statement of financial position for operating leases.

The Center adopted the leasing standards effective January 1, 2022, using the modified retrospective approach with January 1, 2022 as the initial date of application. The Center elected to use all available practical expedients provided in the transition guidance. These allowed the Center to not reassess the identification, classification and initial direct costs of lessor agreements and to use hindsight in lessee and lessor agreements for determining lease term and right-of-use asset impairment. Topic 842 had no effect to beginning net assets or statement of financial position accounts related to lessor accounting. As a lessee, the Center recorded $28,638 in right-of-use lease assets and lease liabilities as of July 1, 2022. See note I.

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

15. Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through November 1, 2023, which is the date that the financial statements were available to be issued.

B – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date of June 30, 2023, comprise the following:

Cash and cash equivalents	$ 469,867
Certificate of deposit	23,317
Contributions and grants receivable	427,025
Accounts receivable	11,444
Investments	5,068,245
	5,999,898
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(3,799,208)
Amounts unavailable without Board approval	(1,000,000)
Financial assets available to meet general expenditures over the next twelve months	$ 1,200,690

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

C - CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are to be collected as follows as of June 30, 2023:

Within one year	$ 392,025
In one to five years	35,000
Over five years	-
	$ 427,025

Some unconditional promises to give at June 30, 2023 are receivable over one to two years but are not recorded at present value due to the minor impact of the calculated discount.

D – FAIR VALUE MEASUREMENT AND DISCLOSURES

The Center reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Center can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of the Center’s investment assets are classified within Level 1 because they comprise exchange traded funds with readily determinable fair values based on daily redemption values.

D – FAIR VALUE MEASUREMENT AND DISCLOSURES

Assets that were accounted for at fair value on a recurring basis as of June 30, 2023 are as follows:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 196,526	$ -	$ -	$ 196,526
Mutual funds	4,871,719	-	-	4,871,719
Total	$ 5,068,245	$ -	$ -	$ 5,068,245

E – ENDOWMENT FUNDS

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 G). For the two funds with a donor-restriction on amounts in excess of gift value, these amounts are classified as donor restricted net assets until appropriated for expenditure by the Center in a manner consistent with the donor-designated purpose of the fund.

The Center's Board of Directors has interpreted the Wisconsin Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2023, there were no such donor stipulations. As a result of this interpretation, the Center retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

E – ENDOWMENT FUNDS – CONTINUED

The Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Center
(7) The investment policies of the Center

Funds with Deficiencies. From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Center has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023, there were no underwater endowment funds.

Endowment net asset composition by type of fund at June 30, 2023 consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount amount and amounts required to be maintained in perpetuity by donor	-	2,600,753	2,600,753
Accumulated investment gains	9,520	328,322	337,842
	$ 9,520	$ 2,929,075	$ 2,938,595

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ (65,476)	$ 2,858,200	$ 2,792,724
Investment return, net	159,230	150,474	309,704
Contributions and transfers			
Appropriation of endowment Asset for expenditure	(84,234)	(79,599)	(163,833)
Endowment net assets, end of year	$ 9,520	$ 2,929,075	$ 2,938,595

E – ENDOWMENT FUNDS – 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.

F – REVOLVING LINE OF CREDIT

The Center renewed its agreement for an unsecured available $1,500,000 line of credit with Commerce State Bank effective April 30, 2022 with an expiration date of April 30, 2025. Interest rate on the borrowing is 7.50% (at June 30, 2023), with interest payable monthly. There were no borrowings outstanding on the line of credit at the year ended June 30, 2023. The line of credit is payable on demand.

G – NET ASSETS

The Center's net assets without donor restrictions is comprised of undesignated and Board designated amounts for the following purposes at June 30, 2023:

Undesignated	$ 988,305
Board designated for preservation	1,000,000
Investment in property	4,777,126
	$ 6,765,431

Contributions received are recorded as donor restricted net assets depending on the existence and or nature of any donor-imposed restrictions. As restrictions are met and funds expended, assets are released from restrictions. Net assets with donor restrictions are restricted for the following purposes as of June 30, 2023:

Purpose restriction:	
Land conservation	$ 165,313
Environmental education	252,794
Other donor designated uses	25,000
Promoting and continuing the educational Legacy of Andy Larson (endowment income)	317,994
Maintenance and upkeep of the East Property Location (endowment income)	10,328
Restrictions due to timing	427,025
Subtotal	1,198,454
Endowment – perpetual in nature:	
Jane B. Pettit Fund	1,500,000
Andy Larson Legacy Fund	1,037,723
East Property Endowment Fund	63,030
Subtotal	2,600,753
Total	$ 3,799,207

G – NET ASSETS – CONTINUED

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.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2023:

Purpose restriction:	
Land conservation	$ 82,419
Environmental education	184,999
Other donor designated uses	15,620
Promoting and continuing the educational Legacy of Andy Larson (endowment income)	75,505
Maintenance and upkeep of the East Property Location (endowment income)	4,093
Restrictions due to timing	223,000
Subtotal	$ 585,636

H – RETIREMENT 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 $23,622 for the year ended June 30, 2023.

I – LEASES

The Center entered into a lease for a phone system beginning August 2020 for 60 months, with monthly payments of $325. The lease ends June 2026. During February 2023, the Center entered into a lease for a copy machine under a long-term non-cancelable finance lease agreement. The lease runs for 63 months through April 2028. The Center includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, we estimate an applicable incremental borrowing rate. The incremental borrowing rate is estimated using our applicable borrowing rates and the contractual lease term.

Total right-of-use assets and lease liabilities at June 30, 2023 are as follows:

Finance right of use assets – property and equipment, net	$ 23,492
Finance lease liabilities	$ 23,708

Total lease costs for the year ended June 30, 2023 is as follows:

Finance lease cost:	
Amortization of right-of-use assets	$ 5,525
Interest expense	494
Total finance lease cost	$ 6,019

The following table summarizes the supplemental cash flow information for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance lease	$ 413
Financing cash flows from finance lease	5,010
Right-of-use assets obtained in exchange for lease liabilities:	
Finance lease	$ 28,638

The following summarizes the weighted-average remaining lease term and weight-average discount rate as of June 30, 2023:

Weighted-average remaining lease term in year:	
Finance lease	4.12
Weighted-average discount rate:	
Finance lease	4.12%

I – LEASES – CONTINUED

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2023:

2024	$ 8,462
2025	4,558
2026	4,558
2027	4,558
2028	3,798
Total undiscounted lease payments	25,934
Less present value discount	(2,226)
Present value of lease liabilities	$ 23,708

J – REVENUE FROM CONTRACTS WITH CUSTOMERS

The Center provides program activities to individuals and schools and rents its facilities to individuals or other organizations. Revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled per program and rental agreements. Program and rental revenue is billed and/or received in advance of the specific program or event. Revenue is recognized when the event occurs.

Deferred revenue at beginning of period	$ 193,127
Revenue recognized from prior year deferred	(193,127)
Increases in deferred revenue due to cash received during the period	216,967
Deferred revenue at end of period	$ 216,967

K – CONCENTRATION OF CREDIT RISK

The Center has deposits in financial institutions, which, at times, may exceed federally insured limits. The Center has not experienced any losses with these accounts and management believes the Center is not exposed to any significant credit risk.

L – DONATED FACILITIES, SERVICES AND PERSONAL PROPERTY

From time to time, the Center receives various types of contributed goods and services support, including rent, professional services, meals and auction items. Donated facilities are recognized at their fair value. Donated services are reported in the financial statements for voluntary donations of professional services when those services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically would be purchased if not provided by donation. The approximate fair value of donated goods and services for the year ended June 30, 2023 are as follows:

Donated property, capitalized with land and building costs	$ 360,000
Professional fees - teacher naturalists	31,833
Printing services	4,999
General supplies	1,321
Total	$ 398,153

A substantial number of unpaid volunteers have made significant contributions of 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. No amounts have been recognized in the statements of activities because the criteria for recognition under U.S. GAAP have not been satisfied.

The Center received donated personal property which the Center used as auction and raffle items and supplies for the charity events held during the years ended June 30, 2023. Revenue received from the sale of the auction and raffle items is reflected in the statements of activities and no amounts have been reflected for the donation of supplies for the charity events in the statements of activities.

SUPPLEMENTARY INFORMATION

RIVEREDGE NATURE CENTER, INC.
SCHEDULE 1 - STATEMENT OF FINANCIAL POSITION BY FUND
June 30, 2023

	OPERATING FUND	CONSERVATION FUND	PROPERTY FUND	ANDY LARSEN LEGACY FUND	EAST PROP ENDOWMENT FUND	PETTIT FUND	TOTAL
ASSETS							
Cash and savings deposits	$ 469,867	$ -	$ -	$ -	$ -	$ -	$ 469,867
Certificates of deposit	23,317	-	-	-	-	-	23,317
Investments, at fair value	1,129,650	1,000,000	-	1,355,717	73,358	1,509,520	5,068,245
Contributions and pledges receivable, net	427,025	-	-	-	-	-	427,025
Accounts receivable	11,444	-	-	-	-	-	11,444
Intercompany receivable (payable)	-	-	-	-	-	-	-
Inventory	46,402	-	-	-	-	-	46,402
Prepaid expenses	47,653	-	-	-	-	-	47,653
Right of Use Asset - Finance	23,492	-	-	-	-	-	23,492
Land	-	-	1,825,605	-	-	-	1,825,605
Buildings, land improvements and equipment, net	-	-	2,951,521	-	-	-	2,951,521
Total Assets	$ 2,178,850	$ 1,000,000	$ 4,777,126	$ 1,355,717	$ 73,358	$ 1,509,520	$ 10,894,571
LIABILITIES AND NET ASSETS							
Accounts payable	$ 40,733	$ -	$ -	$ -	$ -	$ -	$ 40,733
Other accrued liabilities	48,525	-	-	-	-	-	48,525
Unearned revenue	216,967	-	-	-	-	-	216,967
Lease liability finance	23,708	-	-	-	-	-	23,708
Farmhouse tenant security deposit	-	-	-	-	-	-	-
Total liabilities	329,933	-	-	-	-	-	329,933
Net assets without donor restrictions:							
Board designated	-	1,000,000	-	-	-	-	1,000,000
Undesignated by board	978,785	-	-	-	-	9,520	988,305
Investment in property	-	-	4,777,126	-	-	-	4,777,126
Total without donor restrictions	978,785	1,000,000	4,777,126	-	-	9,520	6,765,431
Net assets without donor restrictions:							
Donor restricted with purpose	870,132	-	-	317,994	10,328	-	1,198,454
Donor restricted perpetual in nature	-	-	-	1,037,723	63,030	1,500,000	2,600,753
Total with donor restrictions	870,132	-	-	1,355,717	73,358	1,500,000	3,799,207
Total net assets	1,848,917	1,000,000	4,777,126	1,355,717	73,358	1,509,520	10,564,638
Total liabilities & net assets	$ 2,178,850	$ 1,000,000	$ 4,777,126	$ 1,355,717	$ 73,358	$ 1,509,520	$ 10,894,571

See accompanying note to supplementary information

RIVEREDGE NATURE CENTER, INC.
SCHEDULE 2 - STATEMENT OF ACTIVITIES BY FUND
For the Year Ended June 30, 2023

	OPERATING FUND	CONSERVATION FUND	PROPERTY FUND	ANDY LARSEN LEGACY FUND	EAST PROP ENDOWMENT FUND	PETTIT FUND	TOTAL
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS							
Revenue, gains, and other support							
Contributions:							
Operating fund drive	$ 307,390	$ -	$ -	$ -	$ -	$ -	$ 307,390
Memorials and other contributions	46,858	-	-	-	-	-	46,858
Memorials and bequests	72,593	-	-	-	-	-	72,593
In-kind contributions	398,153	-	-	-	-	-	366,320
Special program support	270,456	-	-	-	-	-	270,456
Program fees	300,329	-	-	-	-	-	300,329
School programs	109,429	-	-	-	-	-	109,429
Rental income	161,962	-	-	-	-	-	161,962
Merchandising	57,462	-	-	-	-	-	57,462
Less: Cost of sales	(33,757)	-	-	-	-	-	(33,757)
Fund-raising events	183,505	-	-	-	-	-	183,505
Less: Cost of direct benefits to donors	(19,979)	-	-	-	-	-	(19,979)
Investment income, net	171,322	-	-	-	-	159,230	330,552
Net assets released from restrictions	506,038	-	-	75,505	4,093	-	585,636
Total revenue gains and other support	2,499,928	-	-	75,505	4,093	159,230	2,738,756
Expenses and losses							
Program services:							
Land conservation	639,043	-	21,447	-	-	-	660,490
Environmental education	1,313,419	-	156,567	-	-	-	1,438,153
Supporting services:							
General administration	149,815	-	30,027	-	-	-	179,842
Fundraising	156,772	-	6,434	-	-	-	163,206
Total expenses and losses	2,227,216	-	214,475	-	-	-	2,441,691
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	272,712	-	(214,475)	75,505	4,093	159,230	297,065
CHANGES IN NET ASSETS WITH DONOR - PURPOSE RESTRICTIONS:							
Contributions	201,360	-	-	-	-	-	201,360
Grants	319,083	-	-	-	-	-	319,083
Investment income	-	-	-	142,758	7,715	-	150,473
Net assets released from restrictions	(506,038)	-	-	(75,505)	(4,093)	-	(585,636)
INCREASE (DECREASE) IN DONOR RESTRICTED NET ASSETS - PURPOSE RESTRICTIONS	14,405	-	-	67,253	3,622	-	85,280
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS - PERPTUAL IN NATURE:							
Bequest endowment contributions	-	-	-	-	-	-	-
Pettit endowment fund contributions	-	-	-	-	-	-	-
Contributions from fundraising events	-	-	-	-	-	-	-
INCREASE (DECREASE) IN DONOR RESTRICTED NET ASSETS - PERPETUAL IN NATURE	-	-	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	287,117	-	(214,475)	142,758	7,715	159,230	382,345
Beginning net assets	2,679,010	1,000,000	3,710,559	1,288,464	69,736	1,434,524	10,182,293
Operating transfers in (out)	(1,117,210)	-	1,281,042	(75,505)	(4,093)	(84,234)	-
ENDING NET ASSETS	$ 1,848,917	$ 1,000,000	$ 4,777,126	$ 1,355,717	$ 73,358	$ 1,509,520	$10,564,638

See accompanying note to supplementary information

NOTE 1 – NET ASSETS

The net assets for Riveredge Nature Center, Inc. (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.