

RIVEREDGE NATURE CENTER, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2022 and 2021

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Kieckhafer, Dietzler, Hauser, Hanson LLP

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Riveredge Nature Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 audits. 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 U.S. generally accepted accounting principles, 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.

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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.



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

October 19, 2022

RIVEREDGE NATURE CENTER, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and savings deposits	\$ 1,568,221	\$ 636,579
Certificates of deposit	58,269	58,159
Investments, at fair value	4,228,110	5,247,507
Contributions and pledges receivable	448,665	481,475
Accounts receivable	103,424	87,923
Inventory	45,764	36,945
Prepaid expenses	293,580	234,440
Property and equipment, net	<u>3,710,559</u>	<u>3,770,148</u>
TOTAL ASSETS	<u><u>\$ 10,456,592</u></u>	<u><u>\$ 10,553,176</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 35,597	\$ 7,785
Other accrued liabilities	45,575	44,107
Unearned revenue	<u>193,127</u>	<u>179,176</u>
TOTAL LIABILITIES	274,299	231,068
NET ASSETS		
Without donor restrictions	6,468,366	6,469,535
With donor restrictions	<u>3,713,927</u>	<u>3,852,573</u>
TOTAL NET ASSETS	<u>10,182,293</u>	<u>10,322,108</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 10,456,592</u></u>	<u><u>\$ 10,553,176</u></u>

See accompanying notes

RIVEREDGE NATURE CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support:			
Contributions:			
Operating fund drive and other contributions	\$ 361,145	\$ -	\$ 361,145
Capital campaign contributions	447,516	315,000	762,516
Memorials and bequests	350,844	-	350,844
Donated goods and services	13,934	-	13,934
Special program support	149,659	334,729	484,388
Program fees	277,520	-	277,520
School programs	105,839	-	105,839
Investment income (net of \$17,195 investment expenses)	(510,321)	(239,251)	(749,572)
Rental income	160,623	-	160,623
Merchandising	43,260	-	43,260
Less: Cost of sales	(27,810)	-	(27,810)
Fundraising events	159,744	-	159,744
Less: Cost of direct benefit to donors	(23,369)	-	(23,369)
Net assets released from restrictions	549,124	(549,124)	-
	<u>2,057,708</u>	<u>(138,646)</u>	<u>1,919,062</u>
TOTAL REVENUE AND OTHER SUPPORT	2,057,708	(138,646)	1,919,062
Expenses			
Program services:			
Land conservation	464,068	-	464,068
Environmental education	1,303,923	-	1,303,923
Supporting services:			
General administration	164,072	-	164,072
Fundraising	126,814	-	126,814
	<u>2,058,877</u>	<u>-</u>	<u>2,058,877</u>
TOTAL EXPENSES	2,058,877	-	2,058,877
DECREASE IN NET ASSETS	(1,169)	(138,646)	(139,815)
BEGINNING NET ASSETS	6,469,535	3,852,573	10,322,108
ENDING NET ASSETS	\$ 6,468,366	\$ 3,713,927	\$ 10,182,293

See accompanying notes

RIVEREDGE NATURE CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Contributions:			
Operating fund drive and other contributions	\$ 493,878	\$ -	\$ 493,878
Capital campaign contributions	387,506	348,483	735,989
Memorials	34,800	-	34,800
Donated goods and services	419,955	-	419,955
Special program support	190,277	161,221	351,498
Program fees	228,307	-	228,307
School programs	71,625	-	71,625
Investment income (net of \$15,800 investment expenses)	657,055	324,342	981,397
Rental income	135,315	-	135,315
Merchandising	35,267	-	35,267
Less: Cost of sales	(24,494)	-	(24,494)
Fundraising events	89,508	-	89,508
Less: Cost of direct benefit to donors	(19,918)	-	(19,918)
Funding from PPP and other COVID grants	281,350	-	281,350
Net assets released from restrictions	283,578	(283,578)	-
TOTAL REVENUE AND OTHER SUPPORT	3,264,009	550,468	3,814,477
Expenses			
Program services:			
Land conservation	406,289	-	406,289
Environmental education	1,120,172	-	1,120,172
Supporting services:			
General administration	166,794	-	166,794
Fundraising	154,905	-	154,905
TOTAL EXPENSES	1,848,160	-	1,848,160
INCREASE IN NET ASSETS	1,415,849	550,468	1,966,317
BEGINNING NET ASSETS	5,053,686	3,302,105	8,355,791
ENDING NET ASSETS	\$ 6,469,535	\$ 3,852,573	\$ 10,322,108

See accompanying notes

RIVEREDGE NATURE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	PROGRAM SERVICES		SUPPORTING SERVICES			TOTAL
	Land Conservation	Environmental Education	General Administration	Fundraising		
Salaries	\$ 258,025	\$ 629,224	\$ 84,883	\$ 74,249	\$ 1,046,381	
Employee benefits	37,089	90,435	12,197	10,679	150,400	
Payroll taxes	19,511	47,575	6,417	5,618	79,121	
Professional development/staff recruitment	-	760	5,986	-	6,746	
Buildings and grounds supplies/maintenance	34,903	30,790	893	765	67,351	
Depreciation	19,787	144,442	27,701	5,936	197,866	
Insurance	7,699	69,295	3,354	-	80,348	
Property taxes	4,990	-	-	-	4,990	
Fundraising	83	796	602	-	1,481	
Utilities	6,614	16,402	2,645	794	26,455	
Professional fees	4,821	102,477	8,849	648	116,795	
Office supplies	-	-	1,694	162	1,856	
Office equipment and maintenance	32,502	43,205	2,522	2,492	80,721	
Dues and subscriptions	-	321	-	-	321	
Printing	1,313	8,533	1,969	1,313	13,128	
Postage	774	5,033	387	1,549	7,743	
Telephone	2,219	10,357	740	1,479	14,795	
Travel	4,002	15,821	380	1,248	21,451	
Promotional materials	2,887	8,086	-	577	11,550	
Advertising	7,184	20,115	-	1,437	28,736	
Marketing/public relations	3,539	9,908	-	708	14,155	
Education expenses	6,503	27,227	68	7,435	41,233	
Bookstore expenses	49	394	50	-	493	
Cost of meals, entertainment, and t-shirts	-	-	-	23,369	23,369	
Cost of bookstore sales	-	-	27,810	-	27,810	
Miscellaneous expenses	9,574	15,227	2,735	9,725	37,261	
Cost of donated services	-	7,500	-	-	7,500	
TOTAL EXPENSES	464,068	1,303,923	191,882	150,183	2,110,056	
Less expenses included with revenue on the statement of activities	-	-	(27,810)	(23,369)	(51,179)	
Total expenses included in the expense section of the statement of activities	\$ 464,068	\$ 1,303,923	\$ 164,072	\$ 126,814	\$ 2,058,877	

See accompanying notes

RIVEREDGE NATURE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	PROGRAM SERVICES		SUPPORTING SERVICES			TOTAL
	Land Conservation	Environmental Education	General Administration	Fundraising		
Salaries	\$ 223,676	\$ 553,835	\$ 90,398	\$ 91,850	\$	\$ 959,759
Employee benefits	33,392	82,656	13,494	13,709		143,251
Payroll taxes	16,509	40,866	6,672	6,778		70,825
Professional development/staff recruitment	47	75	5,260	-		5,382
Buildings and grounds supplies/maintenance	39,244	25,228	758	568		65,798
Bad debt expense	1,006	4,455	862	862		7,185
Depreciation	18,713	136,605	26,198	5,614		187,130
Insurance	6,948	62,526	3,116	-		72,590
Property taxes	4,045	-	-	-		4,045
Fundraising	208	466	363	-		1,037
Utilities	5,233	12,979	2,093	628		20,933
Professional fees	3,774	21,552	9,156	7,566		42,048
Office supplies	-	-	2,437	102		2,539
Office equipment and maintenance	24,858	24,447	1,741	1,585		52,631
Dues and subscriptions	-	988	-	-		988
Printing	1,228	7,983	1,842	1,228		12,281
Postage	496	3,221	248	990		4,955
Telephone	2,360	11,010	786	1,573		15,729
Travel	3,191	944	143	1,531		5,809
Promotional materials	3,469	9,714	-	694		13,877
Advertising	1,155	3,233	-	231		4,619
Marketing/public relations	3,420	9,574	-	684		13,678
Education expenses	4,607	27,441	8	11,266		43,322
Bookstore expenses	52	416	53	-		521
Cost of meals, entertainment, and t-shirts	-	-	-	19,918		19,918
Cost of bookstore sales	-	-	24,494	-		24,494
Miscellaneous expenses	8,658	73,313	1,166	7,446		90,583
Cost of donated services	-	6,645	-	-		6,645
TOTAL EXPENSES	406,289	1,120,172	191,288	174,823		1,892,572
Less expenses included with revenue on the statement of activities	-	-	(24,494)	(19,918)		(44,412)
Total expenses included in the expense section of the statement of activities	\$ 406,289	\$ 1,120,172	\$ 166,794	\$ 154,905		\$ 1,848,160

See accompanying notes

RIVEREDGE NATURE CENTER, INC.
 STATEMENTS OF CASH FLOWS
 For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase(decrease) in net assets	\$ (139,815)	\$ 1,966,317
Adjustments to reconcile increase(decrease) in net assets to net cash provided by operating activities:		
Depreciation	197,866	187,130
Change in unrealized gain on investments	844,625	(839,552)
Realized gain on investments	(73)	(56,996)
Bad debt expense	-	7,185
Donated land	-	(400,000)
(Increase) decrease in:		
Contributions and pledges receivable	32,810	(206,945)
Accounts receivable	(15,501)	(5,940)
Inventory	(8,819)	8,922
Prepaid expenses	(59,140)	17,650
Increase (decrease) in:		
Accounts payable and accrued liabilities	29,280	5,687
Unearned revenue	13,951	42,492
	<u>895,184</u>	<u>725,950</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(209,149)	(1,658,475)
Proceeds from sale of investments	383,994	1,575,144
Purchases of property and equipment	(138,277)	(445,914)
Renewals of certificates of deposit	(110)	(412)
	<u>36,458</u>	<u>(529,657)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
NET INCREASE IN CASH	931,642	196,293
BEGINNING CASH	<u>636,579</u>	<u>440,286</u>
ENDING CASH	<u>\$ 1,568,221</u>	<u>\$ 636,579</u>

See accompanying notes

RIVEREDGE NATURE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

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, if material. 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, 2022 and 2021, 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, 2022 and 2021, 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.

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 without donor restrictions or with donor restrictions 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 contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activity as net assets released from restrictions. The donor restriction never expires on contributions that the donor restricts in perpetuity. Only the net investment earnings on those net assets with permanent donor restrictions 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) New Accounting Pronouncement

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 Organization beginning July 1, 2022. The effects of adoption of the new standard have not yet been determined.

q) Adopted Accounting Pronouncement

For the year ended June 30, 2022, the Center has adopted Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets, if material, as a separate line item in the statement of activities. The standard also increases the disclosure requirements around contributed nonfinancial assets. Adoption of this standard did not have a significant impact on the financial statements.

r) Date of Management Evaluation

The Center's management has evaluated subsequent events through October 19, 2022, 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, 2022 and 2021 are \$448,665 and \$481,475, 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 three 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, 2022 and 2021, consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>
Mutual funds	\$4,228,110	\$3,792,659	\$5,247,507	\$3,967,432

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

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 112,175	\$ 100,649
Net realized gain on sale of investments	73	56,996
Change in unrealized gain on investments	(844,625)	839,552
Investment management fees	<u>(17,195)</u>	<u>(15,800)</u>
	<u>\$ (749,572)</u>	<u>\$ 981,397</u>

RIVEREDGE NATURE CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS AT FAIR VALUE (CONTINUED)

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, 2022 and 2021, 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, 2022</u>	<u>Fair Value</u>	<u>Level 1</u>
Mutual Funds	\$ 4,228,110	\$ 4,228,110
<u>June 30, 2021</u>	<u>Fair Value</u>	<u>Level 1</u>
Mutual Funds	\$ 5,247,507	\$ 5,247,507

NOTE 4 - PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION

The Center maintains property, plant and equipment at June 30, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,209,910	\$ 1,209,910
Buildings and land improvements	4,210,492	4,146,280
Equipment	493,847	423,889
Vehicles	<u>55,046</u>	<u>55,046</u>
	5,969,295	5,835,124
Accumulated depreciation	<u>(2,258,736)</u>	<u>(2,064,977)</u>
	<u>\$ 3,710,559</u>	<u>\$ 3,770,148</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$197,866 and \$187,130, respectively.

NOTE 5 - RECOGNITION OF EXCHANGE TRANSACTION REVENUE

In keeping with the mission of the Center, 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 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, unearned revenue is recorded. The balance is \$193,127, \$179,176, and \$136,684 at June 30, 2022, 2021, and 2020, respectively.

RIVEREDGE NATURE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - 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 \$20,606 and \$25,093, for the years ended June 30, 2022 and 2021, respectively.

NOTE 7 - LEASES

The Center signed a lease for a copier beginning February 2018 for 63 months, with monthly payments of \$514. The lease terminates April 2023. In addition, the Center signed a lease for a phone system beginning August 2020 for sixty months, with monthly payments of \$350. The lease terminates July 2026. Rental expense for the years ended June 30, 2022 and 2021 is \$10,071 and \$8,209, respectively. Rental obligations for future periods are as follows:

2023	\$ 9,949
2024	4,209
2025	4,209
2026	350

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Donations for periods after June 30	\$ 448,665	\$ 481,475
Land conservation donor-designated uses	179,148	15,679
Environmental education donor-designated uses	187,294	130,953
Promoting and continuing the educational legacy of Andy Larsen (Endowment income)	250,741	545,363
Maintenance and upkeep of the East Property location (Endowment income)	6,706	22,730
Other donor-designated uses	40,620	55,620
	<u>\$ 1,113,174</u>	<u>\$ 1,251,820</u>

Net assets restricted permanently by the donor (see Endowments Note 10) are:

	<u>2022</u>	<u>2021</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	63,030	63,030
	<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.

RIVEREDGE NATURE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 1,757,807	\$ 1,699,387
Board designated for preservation	1,000,000	1,000,000
Investment in property	<u>3,710,559</u>	<u>3,770,148</u>
	<u>\$ 6,468,366</u>	<u>\$ 6,469,535</u>

NOTE 10 - 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 8). 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, 2022 and 2021 consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2022:				
Donor-restricted endowment funds	\$ (65,476)	\$ 257,447	\$ 2,600,753	\$ 2,792,724
2021:				
Donor-restricted endowment funds	\$ 265,024	\$ 568,093	\$ 2,600,753	\$ 3,433,870

Changes in endowment net assets for the years ended June 30, 2022 and 2021 were:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2022:				
Endowment net assets, beginning of year	\$ 265,024	\$ 568,093	\$ 2,600,753	\$ 3,433,870
Investment income	30,933	29,232	-	60,165
Realized and unrealized depreciation on investments	(284,107)	(268,483)	-	(552,590)
Appropriation of endowment assets for expenditure	<u>(77,326)</u>	<u>(71,395)</u>	<u>-</u>	<u>(148,721)</u>
Endowment net assets, end of year	<u>\$ (65,476)</u>	<u>\$ 257,447</u>	<u>\$ 2,600,753</u>	<u>\$ 2,792,724</u>
2021:				
Endowment net assets, beginning of year	\$ (4,671)	\$ 311,693	\$ 2,600,753	\$ 2,907,775
Investment income	29,200	27,584	-	56,784
Realized and unrealized depreciation on investments	314,150	296,758	-	610,908
Appropriation of endowment assets for expenditure	<u>(73,655)</u>	<u>(67,942)</u>	<u>-</u>	<u>(141,597)</u>
Endowment net assets, end of year	<u>\$ 265,024</u>	<u>\$ 568,093</u>	<u>\$ 2,600,753</u>	<u>\$ 3,433,870</u>

NOTE 10 - ENDOWMENTS (CONTINUED)

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 \$(65,476) and \$-0- as of June 30, 2022 and 2021, respectively. The deficiency at June 30, 2022 resulted from appropriations by the Center in execution of its endowment spending policies.

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 11 - DONATED GOODS AND SERVICES

As required by the FASB, donated goods and services are to be disclosed, if material. The Center received donations of goods used for programs of \$6,434 and \$13,310 for the years ended June 30, 2022 and 2021, respectively. Because the criteria for recognition under accounting standards have been satisfied, the Center recognized donated services of volunteer teacher naturalists totaling \$7,500 and \$6,645 for the years ended June 30, 2022 and 2021, 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. During the year ended June 30, 2021, the Center received a donation of land with a value of \$400,000.

RIVEREDGE NATURE CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS

NOTE 12 - 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 4% (at June 30, 2022), with interest payable monthly. There were no borrowings outstanding on the line of credit at the years ended June 30, 2022 and 2021. The line of credit is payable on demand.

NOTE 13 - 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,568,221	\$ 636,579
Certificates of deposit	58,269	58,159
Total receivables	552,089	569,398
Investments	<u>4,228,110</u>	<u>5,247,507</u>
	6,406,689	6,511,643
Less: Amounts with donor restrictions - temporary	(1,113,174)	(1,251,820)
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>\$ 1,692,762</u>	<u>\$ 1,659,070</u>

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

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, 2022 and 2021 and our report thereon dated October 19, 2022, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted 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

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

October 19, 2022

RIVEREDGE NATURE CENTER, INC.
 SCHEDULE 1 - STATEMENT OF FINANCIAL POSITION BY FUND
 June 30, 2022

	Operating Fund	Board Conservation Fund	Property Fund	Andy Larsen Legacy Fund	East Prop Endowment Fund	Pettit Endowment Fund	TOTAL
ASSETS							
Cash and savings deposits	\$ 1,568,221	-	\$ -	\$ -	-	\$ -	\$ 1,568,221
Certificates of deposit	58,269	-	-	-	-	-	58,269
Investments, at fair value	435,386	1,000,000	-	1,288,464	69,736	1,434,524	4,228,110
Contributions and pledges receivable, net	448,665	-	-	-	-	-	448,665
Accounts receivable	103,424	-	-	-	-	-	103,424
Inventory	45,764	-	-	-	-	-	45,764
Prepaid expenses	293,580	-	-	-	-	-	293,580
Land	-	-	1,209,910	-	-	-	1,209,910
Buildings, land improvements and equipment, net	-	-	2,500,649	-	-	-	2,500,649
TOTAL ASSETS	\$ 2,953,309	\$ 1,000,000	\$ 3,710,559	\$ 1,288,464	\$ 69,736	\$ 1,434,524	\$ 10,456,592

LIABILITIES AND NET ASSETS							
Accounts payable	\$ 35,597	-	\$ -	\$ -	-	\$ -	\$ 35,597
Other accrued liabilities	45,575	-	-	-	-	-	45,575
Unearned program fees	193,127	-	-	-	-	-	193,127
TOTAL LIABILITIES	274,299	-	-	-	-	-	274,299

Net assets without donor restrictions:							
Board designated	-	1,000,000	-	-	-	-	1,000,000
Undesignated by board	1,823,283	-	-	-	-	(65,476)	1,757,807
Investment in property	-	-	3,710,559	-	-	-	3,710,559
Total unrestricted	1,823,283	1,000,000	3,710,559	-	-	(65,476)	6,468,366

Net assets with donor restrictions:							
Temporary	855,727	-	-	250,741	6,706	-	1,113,174
Permanent	-	-	-	1,037,723	63,030	1,500,000	2,600,753
TOTAL NET ASSETS	2,679,010	1,000,000	3,710,559	1,288,464	69,736	1,434,524	10,182,293
TOTAL LIABILITIES AND NET ASSETS	\$ 2,953,309	\$ 1,000,000	\$ 3,710,559	\$ 1,288,464	\$ 69,736	\$ 1,434,524	\$ 10,456,592

See accompanying note to supplementary information

RIVEREDGE NATURE CENTER, INC.
 SCHEDULE 2 - STATEMENT OF ACTIVITIES BY FUND
 For the Year Ended June 30, 2022

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue, gains and other support	Operating Fund	Board Conservation Fund	Property Fund	Andy Larsen Legacy Fund	East Prop Endowment Fund	Pettit Endowment Fund	TOTAL
Contributions:							
Operating fund drive, capital campaign, and other contributions	\$ 808,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 808,661
Memorials and other contributions	350,844	-	-	-	-	-	350,844
Donated goods and services	13,934	-	-	-	-	-	13,934
Special program support	149,659	-	-	-	-	-	149,659
Program fees	277,520	-	-	-	-	-	277,520
School programs	105,839	-	-	-	-	-	105,839
Investment income (net \$11,729 investment expenses)	(257,147)	-	-	-	-	(253,174)	(510,321)
Rental income	160,623	-	-	-	-	-	160,623
Merchandising	43,260	-	-	-	-	-	43,260
Less: Cost of sales	(27,810)	-	-	-	-	-	(27,810)
Fundraising events	159,744	-	-	-	-	-	159,744
Less: Cost of direct benefit to donors	(23,369)	-	-	-	-	-	(23,369)
Net assets released from restrictions	477,729	-	-	67,638	3,757	-	549,124
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	2,239,487	-	-	67,638	3,757	(253,174)	2,057,708
Expenses and losses							
Program services:							
Land conservation	444,281	-	19,787	-	-	-	464,068
Environmental education	1,159,480	-	144,443	-	-	-	1,303,923
Supporting services:							
General administration	136,371	-	27,701	-	-	-	164,072
Fundraising	120,878	-	5,936	-	-	-	126,814
TOTAL EXPENSES AND LOSSES	1,861,010	-	197,867	-	-	-	2,058,877
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	378,477	-	(197,867)	67,638	3,757	(253,174)	(1,169)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS							
Contributions	315,000	-	-	-	-	-	315,000
Grants	334,729	-	-	-	-	-	334,729
Investment income (net of \$5,466 investment expenses)	-	-	-	(226,984)	(12,267)	-	(239,251)
Net assets released from restrictions	(477,729)	-	-	(67,638)	(3,757)	-	(549,124)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	172,000	-	-	(294,622)	(16,024)	-	(138,646)
INCREASE (DECREASE) IN NET ASSETS	550,477	-	(197,867)	(226,984)	(12,267)	(253,174)	(139,815)
Beginning net assets	2,118,090	1,000,000	3,770,148	1,583,086	85,760	1,765,024	10,322,108
Operating transfers in (out)	10,443	-	138,278	(67,638)	(3,757)	(77,326)	-
ENDING NET ASSETS	\$2,679,010	\$1,000,000	\$3,710,559	\$1,288,464	\$ 69,736	\$1,434,524	\$ 10,182,293

See accompanying note to supplementary information

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.