

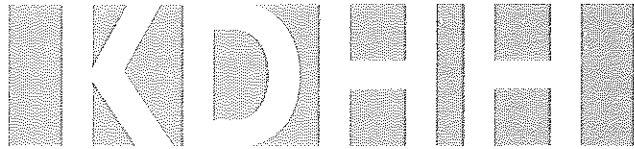
RIVEREDGE NATURE CENTER, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2016 and 2015

TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS	
Statements of Financial Position .....	2
Statements of Activities .....	3
Statements of Functional Expenses .....	4
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7
SUPPLEMENTAL INFORMATION	
Independent Auditor's Report on Supplemental Information .....	16
Schedule 1 - Statement of Financial Position by Fund .....	17
Schedule 2 - Statement of Activities by Fund .....	18
Note to Supplemental Information .....	19



**KIECKHAFER DIETZLER HAUSER HANSON LLP**  
Certified Public Accountants

Richard J. Dietzler  
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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Riveredge Nature Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility


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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Riveredge Nature Center, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

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

October 10, 2016

RIVEREDGE NATURE CENTER, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and savings deposits	\$ 133,847	\$ 155,035
Certificates of deposit	56,717	56,468
Investments, at fair value	5,450,580	6,054,503
Contributions and pledges receivable	33,555	17,450
Accounts receivable	69,856	3,358
Inventory	31,393	23,197
Prepaid expenses	40,929	25,334
Property and equipment, net	<u>1,638,690</u>	<u>1,672,067</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,455,567</u></u>	<u><u>\$ 8,007,412</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 13,790	\$ 7,912
Other accrued liabilities	14,966	44,267
Unearned revenue	<u>104,055</u>	<u>80,143</u>
<b>TOTAL LIABILITIES</b>	132,811	132,322
 <b>NET ASSETS</b>		
Unrestricted:		
Board designated	1,000,000	1,000,000
Undesignated by board	1,470,625	2,043,404
Investment in property	<u>1,638,690</u>	<u>1,672,067</u>
Total unrestricted net assets	4,109,315	4,715,471
Temporarily restricted	612,688	558,866
Permanently restricted	<u>2,600,753</u>	<u>2,600,753</u>
<b>TOTAL NET ASSETS</b>	<u>7,322,756</u>	<u>7,875,090</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 7,455,567</u></u>	<u><u>\$ 8,007,412</u></u>

See accompanying notes

RIVEREDGE NATURE CENTER, INC.  
 STATEMENTS OF ACTIVITIES  
 For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
Revenue, gains and other support		
Contributions:		
Operating fund drive	\$ 367,696	\$ 347,836
Memorials and other contributions	14,544	12,648
Donated services	33,403	39,060
Special program support	76,561	63,081
Program fees	140,706	102,785
School programs	63,371	50,414
Investment income		
(net of \$14,970 and \$17,780 investment expenses)	73,304	73,794
Rental income	20,437	15,943
Merchandising	33,245	24,243
Less: Cost of sales	(13,311)	(11,901)
Fundraising events	152,094	122,524
Less: Cost of direct benefit to donors	(23,412)	(18,353)
Net assets released from restrictions	<u>183,620</u>	<u>167,904</u>
 <b>TOTAL REVENUE, GAINS, AND OTHER SUPPORT</b>	 <b>1,122,258</b>	 <b>989,978</b>
 Expenses and losses		
Program services:		
Land conservation	395,807	214,939
Environmental education	999,150	823,329
Supporting services:		
General administration	137,217	122,514
Fundraising	<u>196,240</u>	<u>144,171</u>
 <b>TOTAL EXPENSES</b>	 <b><u>1,728,414</u></b>	 <b><u>1,304,953</u></b>
 <b>DECREASE IN UNRESTRICTED NET ASSETS</b>	 <b>(606,156)</b>	 <b>(314,975)</b>
 <b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	170,897	102,815
Grants	43,655	62,900
Investment income		
(net of \$14,411 and \$17,094 investment expenses)	22,890	22,962
Net assets released from restrictions	<u>(183,620)</u>	<u>(167,904)</u>
 <b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	 <b><u>53,822</u></b>	 <b><u>20,773</u></b>
 <b>DECREASE IN NET ASSETS</b>	 <b>(552,334)</b>	 <b>(294,202)</b>
 <b>BEGINNING NET ASSETS</b>	 <b><u>7,875,090</u></b>	 <b><u>8,169,292</u></b>
 <b>ENDING NET ASSETS</b>	 <b><u><u>\$ 7,322,756</u></u></b>	 <b><u><u>\$ 7,875,090</u></u></b>

See accompanying notes

RIVEREDGE NATURE CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2016

	PROGRAM SERVICES		SUPPORTING SERVICES		TOTAL
	Land Conservation	Environmental Education	General Administration	Fundraising	
Salaries	\$ 210,425	\$ 535,138	\$ 81,758	\$ 111,521	\$ 938,842
Employee benefits	25,802	65,627	10,028	13,678	115,135
Payroll taxes	16,905	42,997	6,570	8,962	75,434
Professional development/staff recruitment	957	4,899	1,243	2,003	9,102
Buildings and grounds supplies/maintenance	27,349	39,625	1,163	1,425	69,562
Bad debt expense	56	248	48	48	400
Depreciation	8,295	60,553	11,613	2,488	82,949
Insurance	3,128	28,154	2,292	-	33,574
Property taxes	3,450	-	-	-	3,450
Fundraising	-	1,670	1,117	26,406	29,193
Utilities	4,211	10,444	1,685	505	16,845
Professional fees	27,344	43,885	6,167	2,312	79,708
Office supplies	729	2,732	73	109	3,643
Office equipment and maintenance	1,190	5,909	940	673	8,712
Dues and subscriptions	-	1,802	-	-	1,802
Printing	684	4,449	1,027	5,178	11,338
Postage	619	4,026	310	1,883	6,838
Telephone	1,513	7,059	504	1,008	10,084
Travel	2,570	26,723	3,259	1,861	34,413
Promotional materials	2,336	6,539	-	467	9,342
Advertising	3,505	9,815	-	4,431	17,751
Marketing/public relations	4,946	13,849	-	989	19,784
Education expenses	1,157	28,952	116	174	30,399
Bookstore expenses	127	1,017	127	-	1,271
Investment management fees	-	-	29,381	-	29,381
Cost of meals, entertainment, and t-shirts	-	-	-	23,412	23,412
Cost of bookstore sales	-	-	13,311	-	13,311
Miscellaneous expenses	48,509	21,972	7,177	7,782	85,440
Cost of donated services	-	31,066	-	2,337	33,403
<b>TOTAL EXPENSES</b>	<b>395,807</b>	<b>999,150</b>	<b>179,909</b>	<b>219,652</b>	<b>1,794,518</b>
Less expenses included with revenue on the statement of activities	-	-	(42,692)	(23,412)	(66,104)
Total expenses included in the expense section of the statement of activities	\$ 395,807	\$ 999,150	\$ 137,217	\$ 196,240	\$ 1,728,414

See accompanying notes

RIVERIDGE NATURE CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2015

	PROGRAM SERVICES		SUPPORTING SERVICES		TOTAL
	Land Conservation	Environmental Education	General Administration	Fundraising	
Salaries	\$ 116,570	\$ 416,774	\$ 65,944	\$ 68,983	\$ 668,271
Employee benefits	12,563	44,929	7,110	7,434	72,036
Payroll taxes	8,877	31,745	5,024	5,252	50,898
Professional development/staff recruitment	501	4,826	1,894	1,001	8,222
Buildings and grounds supplies/maintenance	35,335	36,524	5,702	3,617	81,178
Bad debt expense	1,722	7,626	1,476	1,476	12,300
Depreciation	8,189	59,781	11,465	2,456	81,891
Insurance	2,457	22,115	2,202	-	26,774
Property taxes	3,661	-	-	-	3,661
Fundraising	-	1,904	820	25,689	28,413
Utilities	4,666	11,572	1,867	560	18,665
Professional fees	3,007	22,812	6,939	4,255	37,013
Office supplies	320	2,082	481	320	3,203
Office equipment and maintenance	7,693	9,078	1,840	686	19,297
Dues and subscriptions	-	1,973	-	-	1,973
Printing	823	5,366	1,234	3,475	10,898
Postage	535	3,477	802	2,504	7,318
Telephone	889	5,780	1,334	889	8,892
Travel	948	29,515	1,561	937	32,961
Promotional materials	-	4,629	-	244	4,873
Advertising	3,121	9,538	-	6,116	18,775
Marketing/public relations	1,122	6,901	-	603	8,626
Education expenses	1,903	25,652	1,161	775	29,491
Bookstore expenses	-	1,090	272	-	1,362
Investment management fees	-	-	34,874	-	34,874
Cost of meals, entertainment, and t-shirts	-	-	-	18,353	18,353
Cost of bookstore sales	-	-	11,901	-	11,901
Miscellaneous expenses	37	20,890	3,386	4,589	28,902
Cost of donated services	-	36,750	-	2,310	39,060
<b>TOTAL EXPENSES</b>	<b>214,939</b>	<b>823,329</b>	<b>169,289</b>	<b>162,524</b>	<b>1,370,081</b>
Less expenses included with revenue on the statement of activities	-	-	(46,775)	(18,353)	(65,128)
Total expenses included in the expense section of the statement of activities	\$ 214,939	\$ 823,329	\$ 122,514	\$ 144,171	\$ 1,304,953

See accompanying notes

RIVEREDGE NATURE CENTER, INC.  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (552,334)	\$ (294,202)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	82,949	81,891
Change in unrealized gain on investments	48,721	128,131
Realized gain on investments	(14,947)	(94,077)
Bad debt expense	400	12,300
(Increase) decrease in:		
Contributions and pledges receivable	(16,505)	(2,325)
Accounts receivable	(66,498)	17,749
Inventory	(8,196)	(5,529)
Prepaid expenses	174	(8,624)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(39,192)	18,747
Unearned revenue	23,912	13,364
	<u>520,328</u>	<u>147,177</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(541,516)</b>	<b>(132,575)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(1,501,608)	(1,459,807)
Proceeds from sale of investments	2,071,757	1,629,340
Purchases of property and equipment	(49,572)	(22,108)
Renewals of certificates of deposit	(249)	(248)
	<u>520,328</u>	<u>147,177</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>520,328</b>	<b>147,177</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(21,188)</b>	<b>14,602</b>
<b>BEGINNING CASH</b>	<u>155,035</u>	<u>140,433</u>
<b>ENDING CASH</b>	<u><u>\$ 133,847</u></u>	<u><u>\$ 155,035</u></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, fixed income bonds and CDs, stocks/equity securities, and money market accounts, which are stated at fair value based on quoted market prices.

d) Contributions and Pledges Receivable

Contributions and pledges receivable (unconditional promises to give) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using applicable risk-free interest rates. Amortization of the discount is included in contribution revenue. When applicable, the Center uses the allowance method to record uncollectible contributions and pledges receivable based upon prior years' experience and management's analysis of specific promises. At June 30, 2016 and 2015, 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, 2016 and 2015, 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 market, 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) 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.

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

h) Uncertain Tax Positions (Continued)

The Center files tax returns in the U.S. federal jurisdiction and the state of Wisconsin. The Center's federal income and state tax returns prior to fiscal year 2010 are closed. The Center does not have any tax returns currently under examination by a federal or state jurisdiction.

i) Advertising

Advertising costs are expensed as incurred.

j) Contributions

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

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

k) Functional Expenses

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

l) Expense Classifications

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

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

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

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

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

m) 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.

n) 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.

RIVEREDGE NATURE CENTER, INC.  
 NOTES TO FINANCIAL STATEMENTS

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

- o) Date of Management Evaluation  
 The Center's management has evaluated subsequent events through October 10, 2016, the date the financial statements were available to be issued.
- p) Prior Year Balances  
 Certain prior year amounts have been reclassified to conform with the current year presentation.

NOTE 2 - CONTRIBUTIONS AND PLEDGES RECEIVABLE

The Center's contributions and pledges receivable as of June 30, 2016 and 2015 are \$33,555 and \$17,450, respectively, and are all receivable in less than one year.

NOTE 3 - INVESTMENTS AT FAIR VALUE

Independent investment companies hold the Center's investments. Investments at June 30, 2016 and 2015, consist of the following:

	2016		2015	
	Fair Market Value	Cost	Fair Market Value	Cost
Mutual funds	\$2,845,288	\$2,579,591	\$3,145,355	\$2,800,531
Fixed income bonds/CDs	1,325,284	1,295,788	1,380,546	1,379,902
Stocks/equity securities	1,220,749	1,074,784	1,340,209	1,195,798
Money market funds	<u>59,259</u>	<u>59,259</u>	<u>188,393</u>	<u>188,393</u>
	<u>\$5,450,580</u>	<u>\$5,009,422</u>	<u>\$6,054,503</u>	<u>\$5,564,624</u>

The components of investment income (unrestricted and temporarily restricted) consist of the following:

	2016	2015
Interest and dividend income	\$ 159,349	\$ 165,684
Net realized gain on sale of investments	14,947	94,077
Change in unrealized gain on investments	(48,721)	(128,131)
Investment management fees	<u>(29,381)</u>	<u>(34,874)</u>
	<u>\$ 96,194</u>	<u>\$ 96,756</u>

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

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

RIVEREDGE NATURE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS AT FAIR VALUE (CONTINUED)

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, 2016 and 2015, 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, 2016</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
<b>Mutual Funds</b>			
International stock funds	\$ 648,482	\$ 648,482	\$ -
Stock market index fund	1,311,702	1,311,702	-
Bond funds	<u>885,105</u>	<u>885,105</u>	-
Total mutual funds	<u>2,845,289</u>	<u>2,845,289</u>	-
<b>Fixed Income Bonds/CD's</b>			
Corporate bonds	724,550	724,550	-
U.S. Government bonds	<u>600,734</u>	<u>600,734</u>	-
Total fixed income bonds/CDs	<u>1,325,284</u>	<u>1,325,284</u>	-
<b>Stocks/equity Securities</b>			
Corporate stocks	<u>1,220,749</u>	<u>1,220,749</u>	-
Total stocks/equity securities	<u>1,220,749</u>	<u>1,220,749</u>	-
<b>Money Market Funds</b>			
	<u>59,258</u>	<u>59,258</u>	-
	<u>\$ 5,450,580</u>	<u>\$ 5,450,580</u>	<u>\$ -</u>
<u>June 30, 2015</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
<b>Mutual Funds</b>			
International stock funds	\$ 554,568	\$ 554,568	\$ -
Stock market index fund	1,053,954	1,053,954	-
Bond funds	<u>1,536,833</u>	<u>1,536,833</u>	-
Total mutual funds	<u>3,145,355</u>	<u>3,145,355</u>	-
<b>Fixed Income Bonds/CD's</b>			
Bank bonds/CD's	345,053	345,053	-
Corporate bonds	717,165	717,165	-
U.S. Government bonds	<u>318,328</u>	<u>318,328</u>	-
Total fixed income bonds/CDs	<u>1,380,546</u>	<u>1,380,546</u>	-
<b>Stocks/equity Securities</b>			
Corporate stocks	1,261,345	1,261,345	-
Real estate investment trusts	<u>78,864</u>	-	<u>78,864</u>
Total stocks/equity securities	<u>1,340,209</u>	<u>1,261,345</u>	<u>78,864</u>
<b>Money Market Funds</b>			
	<u>188,393</u>	<u>188,393</u>	-
	<u>\$ 6,054,503</u>	<u>\$ 5,975,639</u>	<u>\$ 78,864</u>

RIVEREDGE NATURE CENTER, INC.  
 NOTES TO FINANCIAL STATEMENTS

NOTE 4 - PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION

The Center maintains property, plant and equipment at June 30, 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 809,910	\$ 809,910
Buildings and land improvements	1,991,424	1,984,300
Equipment	304,801	300,872
Vehicles	<u>28,399</u>	<u>28,399</u>
	3,134,534	3,123,481
Accumulated depreciation	<u>(1,495,844)</u>	<u>(1,451,414)</u>
	<u>\$ 1,638,690</u>	<u>\$ 1,672,067</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$82,949 and \$81,891, respectively.

NOTE 5 - RESTRICTED NET ASSETS

Temporarily restricted net assets are available as follows:

	<u>2016</u>	<u>2015</u>
Periods after June 30	\$ 33,555	\$ 17,450
Land conservation donor-designated uses	25,354	36,827
Environmental education donor-designated uses	221,665	129,465
Promoting and continuing the educational legacy of Andy Larsen (Endowment income)	283,930	331,640
Maintenance and upkeep of the East Property location (Endowment income)	8,407	11,005
Other donor-designated uses	<u>39,777</u>	<u>32,479</u>
	<u>\$ 612,688</u>	<u>\$ 558,866</u>

Permanently restricted net assets (see Endowments Note 6) are:

	<u>2016</u>	<u>2015</u>
Andy Larsen Legacy Fund	\$ 1,037,723	\$ 1,037,723
Jane B. Pettit Fund	1,500,000	1,500,000
East Property Endowment Fund	<u>63,030</u>	<u>63,030</u>
	<u>\$ 2,600,753</u>	<u>\$ 2,600,753</u>

Permanently restricted net assets are donor-stipulated as such and consist of three endowment funds 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 temporarily 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 temporarily restricted.

RIVEREDGE NATURE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - 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 5). 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, 2016 and 2015 consists of the following:

<b>2016:</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (26,948)	\$ 292,337	\$ 2,600,753	\$ 2,866,142
<b>2015:</b>				
Donor-restricted endowment funds	\$ 26,245	\$ 342,645	\$ 2,600,753	\$ 2,969,643

Changes in endowment net assets for the years ended June 30, 2016 and 2015 were:

<b>2016:</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 26,245	\$ 342,645	\$ 2,600,753	\$ 2,969,643
Investment income	36,484	34,505	-	70,989
Realized and unrealized depreciation on investments	(12,283)	(11,615)	-	(23,898)
Appropriation of endowment assets for expenditure	<u>(77,394)</u>	<u>(73,198)</u>	<u>-</u>	<u>(150,592)</u>
Endowment net assets, end of year	<u>\$ (26,948)</u>	<u>\$ 292,337</u>	<u>\$ 2,600,753</u>	<u>\$ 2,866,142</u>
<b>2015:</b>				
Endowment net assets, beginning of year	\$ 76,345	\$ 389,827	\$ 2,600,753	\$ 3,066,925
Investment income	32,863	31,074	-	63,937
Realized and unrealized depreciation on investments	(8,578)	(8,112)	-	(16,690)
Appropriation of endowment assets for expenditure	<u>(74,385)</u>	<u>(70,144)</u>	<u>-</u>	<u>(144,529)</u>
Endowment net assets, end of year	<u>\$ 26,245</u>	<u>\$ 342,645</u>	<u>\$ 2,600,753</u>	<u>\$ 2,969,643</u>

NOTE 6 - 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 \$26,948 and \$-0- as of June 30, 2016 and 2015, respectively. The deficiency at June 30, 2016 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 7 - PENSION PLAN

The Board of Directors of the Center established Riveredge Nature Center Defined Contribution Retirement Plan (the Plan) as of January 1989. The Plan is a defined contribution pension plan which covers substantially all full-time employees. An employee is eligible to begin participation upon age 21 and 1,000 hours of credited service. All employees are required to begin participation no later than upon the completion of five years of service and the attainment of age 30. The Center may provide a discretionary contribution annually for each participant. The cost to the Center was \$8,383 and \$3,766, for the years ended June 30, 2016 and 2015, respectively.

RIVEREDGE NATURE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

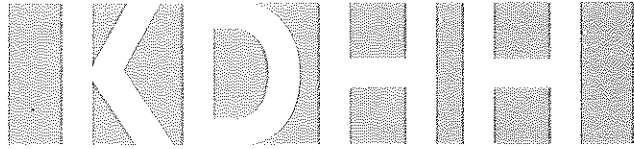
NOTE 8 - DONATED SERVICES

Because the criteria for recognition under accounting standards have been satisfied, the Center recognized donated services of volunteer teacher naturalists and other professional services totaling \$33,403 and \$39,060 for the years ended June 30, 2016 and 2015, 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.



SUPPLEMENTAL INFORMATION



**KIECKHAFER DIETZLER HAUSER HANSON LLP**  
Certified Public Accountants

Richard J. Dietzler  
Mark A. Hauser  
Troy B. Hanson  
Jon J. Kieckhafer

**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTAL 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, 2016 and 2015 and our report thereon dated October 10, 2016, 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 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  
West Bend, Wisconsin

October 10, 2016

RIVEREDGE NATURE CENTER, INC.  
 SCHEDULE 1 - STATEMENT OF FINANCIAL POSITION BY FUND  
 June 30, 2016

	Operating Fund	Board Conservation Fund	Property Fund	Andy Larsen Legacy Fund	East Prop Endowment Fund	Pettit Endowment Fund	TOTAL
<b>ASSETS</b>							
Cash and savings deposits	\$ 133,847	\$ -	-	\$ -	\$ -	\$ -	\$ 133,847
Certificates of deposit	56,717	-	-	-	-	-	56,717
Investments, at fair value	1,584,438	1,000,000	-	1,321,653	71,437	1,473,052	5,450,580
Contributions and pledges receivable, net	33,555	-	-	-	-	-	33,555
Accounts receivable	69,856	-	-	-	-	-	69,856
Inventory	31,393	-	-	-	-	-	31,393
Prepaid expenses	40,929	-	-	-	-	-	40,929
Land	-	-	809,910	-	-	-	809,910
Buildings, land improvements and equipment, net	-	-	828,780	-	-	-	828,780
<b>TOTAL ASSETS</b>	<b>\$ 1,950,735</b>	<b>\$ 1,000,000</b>	<b>\$ 1,638,690</b>	<b>\$ 1,321,653</b>	<b>\$ 71,437</b>	<b>\$ 1,473,052</b>	<b>\$ 7,455,567</b>
<b>LIABILITIES AND NET ASSETS</b>							
Accounts payable	\$ 13,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,790
Other accrued liabilities	14,966	-	-	-	-	-	14,966
Unearned program fees	104,055	-	-	-	-	-	104,055
<b>TOTAL LIABILITIES</b>	<b>132,811</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,811</b>
Unrestricted:							
Board designated	-	1,000,000	-	-	-	-	1,000,000
Undesignated by board	1,497,573	-	-	-	-	(26,948)	1,470,625
Investment in property	-	-	1,638,690	-	-	-	1,638,690
Total unrestricted net assets	1,497,573	1,000,000	1,638,690	-	-	(26,948)	4,109,315
Temporarily restricted net assets	320,351	-	-	283,930	8,407	-	612,688
Permanently restricted net assets	-	-	-	1,037,723	63,030	1,500,000	2,600,753
<b>TOTAL NET ASSETS</b>	<b>1,817,924</b>	<b>1,000,000</b>	<b>1,638,690</b>	<b>1,321,653</b>	<b>71,437</b>	<b>1,473,052</b>	<b>7,322,756</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,950,735</b>	<b>\$ 1,000,000</b>	<b>\$ 1,638,690</b>	<b>\$ 1,321,653</b>	<b>\$ 71,437</b>	<b>\$ 1,473,052</b>	<b>\$ 7,455,567</b>

See accompanying note to supplemental information

RIVEREDGE NATURE CENTER, INC.  
 SCHEDULE 2 - STATEMENT OF ACTIVITIES BY FUND  
 For the Year Ended June 30, 2016

CHANGES IN UNRESTRICTED NET ASSETS

Revenue, gains and other support

Contributions:

	Operating Fund	Board Conservation Fund	Property Fund	Andy Larsen Legacy Fund	East Prop Endowment Fund	Petit Endowment Fund	TOTAL
Operating fund drive	\$ 367,696	-	\$ -	\$ -	-	\$ -	\$ 367,696
Memorials and other contributions	14,544	-	-	-	-	-	14,544
Donated services	33,403	-	-	-	-	-	33,403
Special program support	76,561	-	-	-	-	-	76,561
Program fees	140,706	-	-	-	-	-	140,706
School programs	63,371	-	-	-	-	-	63,371
Investment income	-	-	-	-	-	-	-
(net of \$29,381 investment fees)	66,310	-	-	-	-	32,716	99,026
Realized and unrealized depreciation on investments	(17,207)	-	-	-	-	(8,515)	(25,722)
Rental income	20,437	-	-	-	-	-	20,437
Merchandising	33,245	-	-	-	-	-	33,245
Less: Cost of sales	(13,311)	-	-	-	-	-	(13,311)
Fundraising events	152,094	-	-	-	-	-	152,094
Less: Cost of direct benefit to donors	(23,412)	-	-	-	-	-	(23,412)
Net assets released from restrictions	110,422	-	-	69,426	3,772	-	183,620
<b>TOTAL REVENUE, GAINS, AND OTHER SUPPORT</b>	<b>1,024,859</b>	<b>-</b>	<b>-</b>	<b>69,426</b>	<b>3,772</b>	<b>24,201</b>	<b>1,122,258</b>

Expenses and losses

Program services:

Land conservation	387,512	-	8,295	-	-	-	395,807
Environmental education	938,350	-	60,553	-	-	-	998,903
Supporting services:							
General administration	125,604	-	11,613	-	-	-	137,217
Fundraising	193,999	-	2,488	-	-	-	196,487
<b>TOTAL EXPENSES AND LOSSES</b>	<b>1,645,465</b>	<b>-</b>	<b>82,949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,728,414</b>

INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS

	(620,606)	-	(82,949)	69,426	3,772	24,201	(606,156)
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CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Contributions

Grants	170,897	-	-	-	-	-	170,897
Investment income	43,655	-	-	-	-	-	43,655
Realized and unrealized depreciation on investments	-	-	-	29,356	1,586	-	30,942
Net assets released from restrictions	(110,422)	-	-	(7,640)	(412)	-	(8,052)
				(69,426)	(3,772)	-	(183,620)

INCREASE (DECREASE) IN

TEMPORARILY RESTRICTED NET ASSETS

	104,130	-	-	(47,710)	(2,598)	-	53,822
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INCREASE (DECREASE) IN NET ASSETS

	(516,476)	-	(82,949)	21,716	1,174	24,201	(552,334)
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Beginning net assets

	2,233,380	1,000,000	1,672,067	1,369,363	74,035	1,526,245	7,875,090
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Operating transfers in (out)

	101,020	-	49,572	(69,426)	(3,772)	(77,394)	-
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ENDING NET ASSETS

	\$ 1,817,924	\$ 1,000,000	\$ 1,638,690	\$ 1,321,653	\$ 71,437	\$ 1,473,052	\$ 7,322,756
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See accompanying note to supplemental information

RIVEREDGE NATURE CENTER, INC.  
NOTE TO SUPPLEMENTAL 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.