

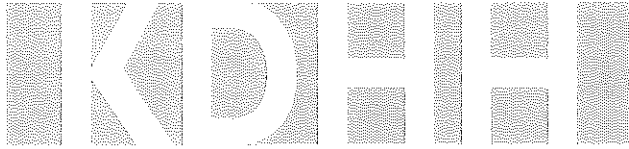
RIVEREDGE NATURE CENTER, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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
 Kieckhafer, Dietzler, Hauser, Hanson LLP
 West Bend, Wisconsin

October 4, 2017

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RIVEREDGE NATURE CENTER, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and savings deposits	\$ 248,126	\$ 133,847
Certificates of deposit	56,892	56,717
Investments, at fair value	5,306,206	5,450,580
Contributions and pledges receivable	14,518	33,555
Accounts receivable	37,896	69,856
Inventory	36,718	31,393
Prepaid expenses	41,321	40,929
Property and equipment, net	<u>1,588,494</u>	<u>1,638,690</u>
TOTAL ASSETS	<u><u>\$ 7,330,171</u></u>	<u><u>\$ 7,455,567</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 10,471	\$ 13,790
Other accrued liabilities	35,093	14,966
Unearned revenue	<u>130,081</u>	<u>104,055</u>
TOTAL LIABILITIES	175,645	132,811
NET ASSETS		
Unrestricted:		
Board designated	1,000,000	1,000,000
Undesignated by board	1,328,760	1,470,625
Investment in property	<u>1,588,494</u>	<u>1,638,690</u>
Total unrestricted net assets	3,917,254	4,109,315
Temporarily restricted	636,519	612,688
Permanently restricted	<u>2,600,753</u>	<u>2,600,753</u>
TOTAL NET ASSETS	<u>7,154,526</u>	<u>7,322,756</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,330,171</u></u>	<u><u>\$ 7,455,567</u></u>

See accompanying notes

RIVEREDGE NATURE CENTER, INC.
 STATEMENTS OF ACTIVITIES
 For the Years Ended June 30, 2017 and 2016

	2017	2016
CHANGES IN UNRESTRICTED NET ASSETS		
Revenue, gains and other support		
Contributions:		
Operating fund drive	\$ 343,350	\$ 367,696
Memorials and other contributions	3,474	14,544
Donated services	34,600	33,403
Special program support	109,628	76,561
Program fees	172,223	140,706
School programs	73,980	63,371
Investment income		
(net of \$15,356 and \$14,970 investment expenses)	292,726	73,304
Rental income	20,435	20,437
Merchandising	35,544	33,245
Less: Cost of sales	(24,364)	(13,311)
Fundraising events	130,874	152,094
Less: Cost of direct benefit to donors	(16,010)	(23,412)
Net assets released from restrictions	410,278	183,620
	1,586,738	1,122,258
TOTAL REVENUE, GAINS, AND OTHER SUPPORT		
Expenses and losses		
Program services:		
Land conservation	354,674	395,807
Environmental education	1,086,575	999,150
Supporting services:		
General administration	146,659	137,217
Fundraising	190,891	196,240
	1,778,799	1,728,414
TOTAL EXPENSES		
	(192,061)	(606,156)
DECREASE IN UNRESTRICTED NET ASSETS		
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	252,912	170,897
Grants	81,040	43,655
Investment income		
(net of \$17,034 and \$14,411 investment expenses)	100,157	22,890
Net assets released from restrictions	(410,278)	(183,620)
	23,831	53,822
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS		
	(168,230)	(552,334)
DECREASE IN NET ASSETS		
BEGINNING NET ASSETS	7,322,756	7,875,090
ENDING NET ASSETS	\$ 7,154,526	\$ 7,322,756

See accompanying notes

RIVEREDGE NATURE CENTER, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended June 30, 2017

	PROGRAM SERVICES		SUPPORTING SERVICES		TOTAL
	Land Conservation	Environmental Education	General Administration	Fundraising	
Salaries	\$ 217,898	\$ 591,726	\$ 84,538	\$ 97,108	\$ 991,270
Employee benefits	31,721	86,144	12,311	14,143	144,319
Payroll taxes	17,735	48,162	6,883	7,907	80,687
Professional development/staff recruitment	-	4,825	2,765	820	8,410
Buildings and grounds supplies/maintenance	39,386	30,733	1,087	11,455	82,661
Depreciation	8,341	60,891	11,679	2,502	83,413
Insurance	3,287	29,587	2,673	-	35,547
Property taxes	3,433	-	-	-	3,433
Fundraising	-	1,865	581	940	3,386
Utilities	4,559	11,305	1,823	547	18,234
Professional fees	7,740	33,512	6,292	12,712	60,256
Office supplies	-	168	3,603	2	3,773
Office equipment and maintenance	1,142	5,925	951	679	8,697
Dues and subscriptions	-	1,324	-	-	1,324
Printing	1,453	9,444	2,179	1,453	14,529
Postage	738	4,800	369	1,477	7,384
Telephone	1,473	6,876	491	982	9,822
Travel	2,563	25,999	2,110	3,653	34,325
Promotional materials	2,383	6,672	-	477	9,532
Advertising	2,039	5,710	-	408	8,157
Marketing/public relations	3,743	10,480	-	749	14,972
Education expenses	-	31,221	4,060	17,219	52,500
Bookstore expenses	61	489	61	-	611
Investment management fees	-	-	32,390	-	32,390
Cost of meals, entertainment, and t-shirts	-	-	-	16,010	16,010
Cost of bookstore sales	-	-	24,364	-	24,364
Miscellaneous expenses	4,979	46,180	2,203	13,595	66,957
Cost of donated services	-	32,537	-	2,063	34,600
TOTAL EXPENSES	354,674	1,086,575	203,413	206,901	1,851,563
Less expenses included with revenue on the statement of activities	-	-	(56,754)	(16,010)	(72,764)
Total expenses included in the expense section of the statement of activities	\$ 354,674	\$ 1,086,575	\$ 146,659	\$ 190,891	\$ 1,778,799

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
TOTAL EXPENSES	395,807	999,150	179,909	219,652	1,794,518
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

RIVEREDGE NATURE CENTER, INC.
 STATEMENTS OF CASH FLOWS
 For the Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (168,230)	\$ (552,334)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	83,413	82,949
Change in unrealized gain on investments	(132,079)	48,721
Realized gain on investments	(149,134)	(14,947)
Bad debt expense	-	400
(Increase) decrease in:		
Contributions and pledges receivable	19,037	(16,505)
Accounts receivable	31,960	(66,498)
Inventory	(5,325)	(8,196)
Prepaid expenses	(16,161)	174
Increase (decrease) in:		
Accounts payable and accrued liabilities	32,577	(39,192)
Unearned revenue	26,026	23,912
	(277,916)	(541,516)
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,140,824)	(1,501,608)
Proceeds from sale of investments	1,566,411	2,071,757
Purchases of property and equipment	(33,217)	(49,572)
Renewals of certificates of deposit	(175)	(249)
	392,195	520,328
NET CASH PROVIDED BY INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	114,279	(21,188)
BEGINNING CASH	133,847	155,035
ENDING CASH	\$ 248,126	\$ 133,847

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, 2017 and 2016, 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, 2017 and 2016, 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.

RIVEREDGE NATURE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

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 2012 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 4, 2017, 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, 2017 and 2016 are \$14,518 and \$33,555, 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, 2017 and 2016, consist of the following:

	2017		2016	
	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>
Mutual funds	\$2,937,494	\$2,527,457	\$2,845,288	\$2,579,591
Fixed income bonds/CDs	1,262,016	1,265,461	1,325,284	1,295,788
Stocks/equity securities	1,020,930	854,285	1,220,749	1,074,784
Money market funds	<u>85,766</u>	<u>85,766</u>	<u>59,259</u>	<u>59,259</u>
	<u>\$5,306,206</u>	<u>\$4,732,969</u>	<u>\$5,450,580</u>	<u>\$5,009,422</u>

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

	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 144,060	\$ 159,349
Net realized gain on sale of investments	149,134	14,947
Change in unrealized gain on investments	132,079	(48,721)
Investment management fees	<u>(32,390)</u>	<u>(29,381)</u>
	<u>\$ 392,883</u>	<u>\$ 96,194</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, 2017 and 2016, 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, 2017</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Mutual Funds			
International stock funds	\$ 779,017	\$ 779,017	\$ -
Stock market index fund	1,297,859	1,297,859	-
Bond funds	860,618	860,618	-
Total mutual funds	<u>2,937,494</u>	<u>2,937,494</u>	<u>-</u>
Fixed Income Bonds/CD's			
Corporate bonds	667,779	667,779	-
U.S. Government bonds	594,237	594,237	-
Total fixed income bonds/CDs	<u>1,262,016</u>	<u>1,262,016</u>	<u>-</u>
Stocks/equity Securities			
Corporate stocks	1,020,930	1,020,930	-
Total stocks/equity securities	<u>1,020,930</u>	<u>1,020,930</u>	<u>-</u>
Money Market Funds			
	85,766	85,766	-
	<u>\$ 5,306,206</u>	<u>\$ 5,306,206</u>	<u>\$ -</u>
<u>June 30, 2016</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Mutual Funds			
International stock funds	\$ 648,482	\$ 648,482	\$ -
Stock market index fund	1,311,701	1,311,701	-
Bond funds	885,105	885,105	-
Total mutual funds	<u>2,845,288</u>	<u>2,845,288</u>	<u>-</u>
Fixed Income Bonds/CD's			
Corporate bonds	724,550	724,550	-
U.S. Government bonds	600,734	600,734	-
Total fixed income bonds/CDs	<u>1,325,284</u>	<u>1,325,284</u>	<u>-</u>
Stocks/equity Securities			
Corporate stocks	1,220,749	1,220,749	-
Total stocks/equity securities	<u>1,220,749</u>	<u>1,220,749</u>	<u>-</u>
Money Market Funds			
	59,259	59,259	-
	<u>\$ 5,450,580</u>	<u>\$ 5,450,580</u>	<u>\$ -</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, 2017 and 2016 as follows:

	<u>2017</u>	<u>2016</u>
Land	\$ 809,910	\$ 809,910
Buildings and land improvements	1,990,107	1,991,424
Equipment	330,014	304,801
Vehicles	<u>28,399</u>	<u>28,399</u>
	3,158,430	3,134,534
Accumulated depreciation	<u>(1,569,936)</u>	<u>(1,495,844)</u>
	<u>\$ 1,588,494</u>	<u>\$ 1,638,690</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$83,413 and \$82,949, respectively.

NOTE 5 - RESTRICTED NET ASSETS

Temporarily restricted net assets are available as follows:

	<u>2017</u>	<u>2016</u>
Periods after June 30	\$ 14,518	\$ 33,555
Land conservation donor-designated uses	29,300	25,354
Environmental education donor-designated uses	136,157	221,665
Promoting and continuing the educational legacy of Andy Larsen (Endowment income)	309,286	283,930
Maintenance and upkeep of the East Property location (Endowment income)	9,838	8,407
Other donor-designated uses	<u>137,420</u>	<u>39,777</u>
	<u>\$ 636,519</u>	<u>\$ 612,688</u>

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

	<u>2017</u>	<u>2016</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, 2017 and 2016 consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2017:				
Donor-restricted endowment funds	\$ 1,408	\$ 319,124	\$ 2,600,753	\$ 2,921,285
2016:				
Donor-restricted endowment funds	\$ (26,948)	\$ 292,337	\$ 2,600,753	\$ 2,866,142

Changes in endowment net assets for the years ended June 30, 2017 and 2016 were:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2017:				
Endowment net assets, beginning of year	\$ (26,948)	\$ 292,337	\$ 2,600,753	\$ 2,866,142
Investment income	29,959	28,279	-	58,238
Realized and unrealized depreciation on investments	76,012	71,878	-	147,890
Appropriation of endowment assets for expenditure	<u>(77,615)</u>	<u>(73,370)</u>	<u>-</u>	<u>(150,985)</u>
Endowment net assets, end of year	<u>\$ 1,408</u>	<u>\$ 319,124</u>	<u>\$ 2,600,753</u>	<u>\$ 2,921,285</u>
2016:				
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>

RIVEREDGE NATURE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

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 \$-0- and \$26,948 as of June 30, 2017 and 2016, 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 \$16,934 and \$8,383, for the years ended June 30, 2017 and 2016, respectively.

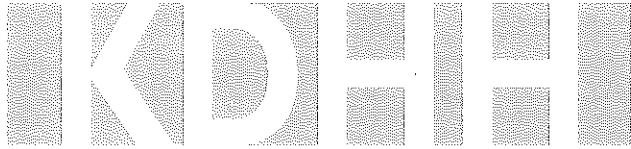
RIVEREDGE NATURE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

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 \$34,600 and \$33,403 for the years ended June 30, 2017 and 2016, 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.

SUPPLEMENTARY 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 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, 2017 and 2016 and our report thereon dated October 4, 2017, 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

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

October 4, 2017

RIVEREDGE NATURE CENTER, INC.
 SCHEDULE 1 - STATEMENT OF FINANCIAL POSITION BY FUND
 June 30, 2017

	Operating Fund	Board Conservation Fund	Property Fund	Andy Larsen Legacy Fund	East Prop Endowment Fund	Pettit Endowment Fund	TOTAL
ASSETS							
Cash and savings deposits	\$ 248,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 248,126
Certificates of deposit	56,892	-	-	-	-	-	56,892
Investments, at fair value	1,384,921	1,000,000	-	1,347,009	72,868	1,501,408	5,306,206
Contributions and pledges receivable, net	14,518	-	-	-	-	-	14,518
Accounts receivable	37,896	-	-	-	-	-	37,896
Inventory	36,718	-	-	-	-	-	36,718
Prepaid expenses	41,321	-	-	-	-	-	41,321
Land	-	-	809,910	-	-	-	809,910
Buildings, land improvements and equipment, net	-	-	778,584	-	-	-	778,584
TOTAL ASSETS	\$ 1,820,392	\$ 1,000,000	\$ 1,588,494	\$ 1,347,009	\$ 72,868	\$ 1,501,408	\$ 7,330,171
LIABILITIES AND NET ASSETS							
Accounts payable	\$ 10,471	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,471
Other accrued liabilities	35,093	-	-	-	-	-	35,093
Unearned program fees	130,081	-	-	-	-	-	130,081
TOTAL LIABILITIES	175,645	-	-	-	-	-	175,645
Unrestricted:							
Board designated	-	1,000,000	-	-	-	-	1,000,000
Undesignated by board	1,327,352	-	-	-	-	1,408	1,328,760
Investment in property	-	-	1,588,494	-	-	-	1,588,494
Total unrestricted net assets	1,327,352	1,000,000	1,588,494	-	-	1,408	3,917,254
Temporarily restricted net assets	317,395	-	-	309,286	9,838	-	636,519
Permanently restricted net assets	-	-	-	1,037,723	63,030	1,500,000	2,600,753
TOTAL NET ASSETS	1,644,747	1,000,000	1,588,494	1,347,009	72,868	1,501,408	7,154,526
TOTAL LIABILITIES AND NET ASSETS	\$ 1,820,392	\$ 1,000,000	\$ 1,588,494	\$ 1,347,009	\$ 72,868	\$ 1,501,408	\$ 7,330,171

See accompanying note to supplementary information

RIVEREDGE NATURE CENTER, INC.
 SCHEDULE 2 - STATEMENT OF ACTIVITIES BY FUND
 For the Year Ended June 30, 2017

CHANGES IN UNRESTRICTED NET ASSETS

	Operating Fund	Board Conservation Fund	Property Fund	Andy Larsen Legacy Fund	East Prop Endowment Fund	Pettit Endowment Fund	TOTAL
Revenue, gains and other support							
Contributions:							
Operating fund drive	\$ 343,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343,350
Memorials and other contributions	3,474	-	-	-	-	-	3,474
Donated services	34,600	-	-	-	-	-	34,600
Special program support	109,628	-	-	-	-	-	109,628
Program fees	172,223	-	-	-	-	-	172,223
School programs	73,980	-	-	-	-	-	73,980
Investment income (net \$32,390 investment fees)	53,432	-	-	-	-	29,959	83,391
Realized and unrealized depreciation on investments	133,323	-	-	-	-	76,012	209,335
Rental income	20,435	-	-	-	-	-	20,435
Merchandising	35,544	-	-	-	-	-	35,544
Less: Cost of sales	(24,364)	-	-	-	-	-	(24,364)
Fundraising events	130,874	-	-	-	-	-	130,874
Less: Cost of direct benefit to donors	(16,010)	-	-	-	-	-	(16,010)
Net assets released from restrictions	336,908	-	-	69,625	3,745	-	410,278
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	1,407,397	-	-	69,625	3,745	105,971	1,586,738
Expenses and losses							
Program services:							
Land conservation	346,333	-	8,341	-	-	-	354,674
Environmental education	1,025,683	-	60,891	-	-	-	1,086,574
Supporting services:							
General administration	134,981	-	11,878	-	-	-	146,859
Fundraising	188,389	-	2,503	-	-	-	190,892
TOTAL EXPENSES AND LOSSES	1,695,386	-	83,413	-	-	-	1,778,799
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(287,989)	-	(83,413)	69,625	3,745	105,971	(192,061)

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

Contributions	252,912	-	-	-	-	-	252,912
Grants	81,040	-	-	-	-	-	81,040
Investment income	-	-	-	26,787	1,492	-	28,279
Realized and unrealized depreciation on investments	-	-	-	68,194	3,684	-	71,878
Net assets released from restrictions	(336,908)	-	-	(69,625)	(3,745)	-	(410,278)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	(2,956)	-	-	25,356	1,431	-	23,831

CHANGES IN PERMANENTLY RESTRICTED NET ASSETS

Larson endowment contributions	-	-	-	-	-	-	-
Pettit endowment Fund contributions	-	-	-	-	-	-	-
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	-	-	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	(290,945)	-	(83,413)	94,981	5,176	105,971	(168,230)
Beginning net assets	1,817,924	1,000,000	1,638,690	1,321,653	71,437	1,473,052	7,322,756
Operating transfers in (out)	117,768	-	33,217	(69,625)	(3,745)	(77,615)	-
ENDING NET ASSETS	\$ 1,644,747	\$ 1,000,000	\$ 1,588,494	\$ 1,347,009	\$ 72,668	\$ 1,501,408	\$ 7,154,526

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.