

ICE AGE TRAIL ALLIANCE, INC.

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

December 31, 2014 and 2013

CONTENTS

| | |
|---------------------------------------|----|
| Independent Auditor's Report | 1 |
| Statements of Financial Position..... | 3 |
| Statements of Activities..... | 4 |
| Statements of Cash Flows | 5 |
| Notes to Financial Statements | 7 |
| Schedules of Functional Expenses..... | 17 |



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ice Age Trail Alliance, Inc.
Cross Plains, Wisconsin

We have audited the accompanying financial statements of Ice Age Trail Alliance, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America. 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 Ice Age Trail Alliance, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Janesville Office:
101 E. Milwaukee Street
Suite 425
Janesville, WI 53545
P: (608) 756-4020

Baraboo Office:
123 Second Street
P.O. Box 150
Baraboo, WI 53913
P: (608) 356-3966
F: (608) 356-2966

Pewaukee Office:
W239 N3490 Pewaukee Road
Suite 200
Pewaukee, WI 53072
P: (262) 522-7555
F: (262) 522-7550

Madison Office:
2110 Luann Lane
Madison, WI 53713
P: (608) 274-4020
F: (608) 274-0775

www.wegnercpas.com
info@wegnercpas.com
(888) 204-7665

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
July 3, 2015

ICE AGE TRAIL ALLIANCE, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

| | 2014 | 2013 |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash | \$ 208,640 | \$ 300,863 |
| Certificates of deposit | 26,609 | 38,847 |
| Unconditional promises to give | 25,000 | 17,675 |
| Accounts receivable | 42,936 | 51,323 |
| Other assets | 200 | 1,000 |
| Inventory | 10,635 | 2,408 |
| Investments | 312,543 | 244,074 |
| Membership interests in limited liability companies | 537,500 | 526,000 |
| Beneficial interest in assets held by Greater Milwaukee Foundation | 82,715 | 78,387 |
| Property and equipment - net | 846,274 | 837,488 |
| Conservation lands | 4,549,426 | 5,303,225 |
| Total assets | \$ 6,642,478 | \$ 7,401,290 |
| LIABILITIES | | |
| Accounts payable | \$ 4,961 | \$ 38,946 |
| Donation payable | - | 1,085,467 |
| Accrued expenses | 44,007 | 44,154 |
| Capital lease payable | 2,050 | 8,539 |
| Notes payable | 668,939 | 755,913 |
| Total liabilities | 719,957 | 1,933,019 |
| NET ASSETS | | |
| Unrestricted | | |
| Designated for endowment | 102,421 | 7,200 |
| Designated for agency endowment | 82,715 | 78,387 |
| Designated for Legal Defense Fund | 82,250 | 82,250 |
| Designated for Lodi Area Fund | 56,423 | 63,695 |
| Undesignated | 485,193 | 569,324 |
| Total unrestricted | 809,002 | 800,856 |
| Temporarily restricted | 5,059,759 | 4,667,415 |
| Permanently restricted | 53,760 | - |
| Total net assets | 5,922,521 | 5,468,271 |
| Total liabilities and net assets | \$ 6,642,478 | \$ 7,401,290 |

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
STATEMENTS OF ACTIVITIES
Years ended December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---------------------|---------------------|
| UNRESTRICTED NET ASSETS | | |
| SUPPORT AND REVENUE | | |
| Grants | \$ 931,383 | \$ 369,231 |
| Contributions | 465,477 | 480,396 |
| Merchandise sales | 66,433 | 33,180 |
| Chapters | 36,064 | 31,661 |
| Special events | 29,759 | 14,642 |
| Investment return | 27,592 | 44,063 |
| Rent | 10,308 | 3,750 |
| Return on agency endowment | 4,328 | 10,803 |
| Other | 14,497 | 395 |
| Total unrestricted support and revenue | 1,585,841 | 988,121 |
| EXPENSES | | |
| Program services | | |
| Trails | 646,588 | 371,308 |
| Outreach | 457,976 | 243,972 |
| Lands | 335,183 | 232,867 |
| Supporting activities | | |
| Management and general | 133,773 | 136,179 |
| Fundraising | 132,141 | 75,598 |
| Total expenses | 1,705,661 | 1,059,924 |
| NET ASSETS RELEASED FROM RESTRICTIONS | | |
| Satisfaction of purpose restrictions | 124,700 | 102,550 |
| Satisfaction of time restrictions | 3,266 | 5,000 |
| Change in unrestricted net assets | 8,146 | 35,747 |
| TEMPORARILY RESTRICTED NET ASSETS | | |
| Contributions | 508,080 | 51,466 |
| Investment return | 730 | - |
| Change in value of interests in limited liability companies | 11,500 | 11,045 |
| Net assets released from restrictions | | |
| Satisfaction of purpose restrictions | (124,700) | (102,550) |
| Satisfaction of time restrictions | (3,266) | (5,000) |
| Change in temporarily restricted net assets | 392,344 | (45,039) |
| PERMANENTLY RESTRICTED NET ASSETS | | |
| Contributions | 53,760 | - |
| Change in net assets | 454,250 | (9,292) |
| Net assets - beginning of year | 5,468,271 | 5,477,563 |
| Net assets - end of year | \$ 5,922,521 | \$ 5,468,271 |

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2014 and 2013

| | 2014 | 2013 |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 454,250 | \$ (9,292) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | | |
| Contributions restricted for long-term purpose | (53,760) | - |
| Depreciation | 48,565 | 42,414 |
| Bad debts | - | 470 |
| Donated securities | (34,672) | (21,354) |
| Change in value of interests in limited liability companies | (11,500) | (11,045) |
| Realized and unrealized gains on investments | (22,720) | (38,254) |
| Net investment activity retained in agency endowment | (4,328) | (10,803) |
| Loss from disposal of equipment | - | (1,667) |
| (Increase) decrease in assets | | |
| Unconditional promises to give | (7,325) | 32,070 |
| Accounts receivable | 8,387 | (19,946) |
| Other assets | 800 | - |
| Inventory | (8,227) | 8,443 |
| Increase (decrease) in liabilities | | |
| Accounts payable | (33,985) | 3,456 |
| Accrued expenses | (147) | (3,721) |
| Net cash provided by (used in) operating activities | 335,338 | (29,229) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Redemptions of certificates of deposit | 13,207 | 3,900 |
| Purchases of and interest retained in certificates of deposit | (969) | (1,347) |
| Proceeds from sales of investments | 34,672 | 86,554 |
| Purchases of and interest and dividends retained in investments | (45,749) | (5,495) |
| Purchases of property and equipment | (46,161) | (260,159) |
| Purchases of conservation land | (244,368) | (8,613) |
| Proceeds from sale of land | 43,810 | - |
| Net cash used in investing activities | (245,558) | (185,160) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from contributions restricted for investment in permanent endowment | 53,760 | - |
| Payments on capital lease payable | (6,489) | (6,093) |
| Accrued interest added to notes payable | - | 2,713 |
| Payments on notes payable | (229,274) | (10,650) |
| Proceeds from capital campaign promises to give | - | 2,000 |
| Net cash used in financing activities | (182,003) | (12,030) |
| Change in cash | (92,223) | (226,419) |
| Cash - beginning of year | 300,863 | 527,282 |
| Cash - end of year | \$ 208,640 | \$ 300,863 |

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
STATEMENTS OF CASH FLOWS (continued)
Years ended December 31, 2014 and 2013

| SUPPLEMENTAL DISCLOSURES | 2014 | 2013 |
|---|-----------|-----------|
| Cash paid for interest | \$ 25,247 | \$ 13,907 |
| Noncash investing and financing transactions | | |
| Donated securities | 34,672 | 21,354 |
| Property and equipment acquired using notes payable | 55,000 | 556,250 |
| Conservation lands acquired using notes payable | 87,300 | 207,600 |
| Conservation lands donated to others | 1,085,467 | - |

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

Ice Age Trail Alliance, Inc. (Alliance) develops and maintains the Ice Age National Scenic Trail in Wisconsin in cooperation with the National Park Service. The Alliance is funded by the National Park Service and other government and private contributions.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Alliance reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by the Alliance in perpetuity.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Accounts Receivable

The Alliance considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been developed. If accounts receivable become uncollectible, they will be charged to operations when that determination is made.

Inventory

Inventory consists of merchandise available for sale and is stated at the lower of cost or market determined by the first-in, first-out method.

Investments

The Alliance carries investments in marketable securities with readily determinable fair values and investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Acquisitions of property and equipment in excess of \$1,500 are capitalized. Purchases of property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor restrictions regarding how long those donated assets must be maintained, the Alliance reports expirations of donor restrictions when the donated or acquired assets are placed in service and reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Conservation Lands

Purchases of land are recorded at cost or, if donated, at the estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. In some instances, a funding source may have a reversionary interest in conservation lands purchased with grant funds. Donated or purchased easements are not recorded as an asset as the easement has no value to the Alliance. In addition, easements carry obligations to monitor and defend their terms.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Government Grants

Certain programs of the Alliance are funded in part by grants from various government agencies. Revenue from these grants is based upon the actual cost of providing such services up to the maximum amount specified in the grants. Costs are allocated to these grants in accordance with established procedures and are subject to audit by certain government agencies. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

The Alliance is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Alliance qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Alliance's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Alliance is no longer subject to such examinations for years before 2011.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Date of Management's Review

Management has evaluated subsequent events through July 3, 2015, the date which the financial statements were available to be issued.

NOTE 2—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2014 and 2013 were as follows:

| | 2014 | 2013 |
|-----------------------------------|-----------|-----------|
| Endowment campaign | \$ 15,000 | \$ - |
| Special projects | 10,000 | 9,800 |
| Television program production | - | 4,875 |
| Purchase of administrative office | - | 3,000 |
| Unconditional promises to give | \$ 25,000 | \$ 17,675 |

Unconditional promises to give at December 31, 2014 of \$15,000 are receivable in less than one year and \$10,000 are receivable in one to five years.

NOTE 3—PENSION PLAN

The Alliance provides a simplified employee pension plan to all part-time and full-time employees. Employer contributions to the plan equal 3% of the employees' gross annual earnings. Employees have full and immediate vesting rights in the employer's contribution. The Alliance's contributions to the plan totaled \$12,976 and \$11,115 in 2014 and 2013.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 4—INVESTMENTS

Investments at December 31, 2014 and 2013 consisted of holdings in mutual funds.

The following summarizes the unrestricted investment return in the statements of activities for 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|--------------------------------|------------------|------------------|
| Interest and dividends | \$ 4,872 | \$ 5,809 |
| Realized and unrealized gains | <u>22,720</u> | <u>38,254</u> |
| Unrestricted investment return | <u>\$ 27,592</u> | <u>\$ 44,063</u> |

NOTE 5—MEMBERSHIP INTERESTS IN LIMITED LIABILITY COMPANIES

In 2009 the Alliance received donations of membership interests in two limited liability companies. The Alliance is the sole member of both limited liability companies. Real estate owned by each of the limited liability companies is subject to reserved life estate interests in land and buildings. At the end of the life estates' terms, the land and buildings will be available for the Alliance's use. The present value of the life estate interests and the limited liability companies at December 31, 2014 and 2013 was \$537,500 and \$526,000. The present value of the estimated future benefits is calculated using historical costs, the applicable discount rates, and mortality factors.

NOTE 6—PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|-------------------------------|-------------------|-------------------|
| Land | \$ 77,690 | \$ 121,500 |
| Building | 688,339 | 688,339 |
| Equipment | 207,446 | 127,767 |
| Furniture and fixtures | <u>90,237</u> | <u>90,237</u> |
| Property and equipment | 1,063,712 | 1,027,843 |
| Less accumulated depreciation | <u>217,438</u> | <u>190,355</u> |
| Property and equipment - net | <u>\$ 846,274</u> | <u>\$ 837,488</u> |

Depreciation expense on property and equipment for 2014 and 2013 was \$48,565 and \$42,414.

NOTE 7—ENDOWMENT

The Alliance established an endowment in 2013 with the goal of providing a long-term source of funds for property monitoring. The endowment fund balances at December 31, 2014 and 2013 were \$156,911 and \$7,200.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 7—ENDOWMENT (continued)

Changes in endowment net assets as of December 31, 2014 and 2013 were as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Endowment Assets |
|---------------------------|-------------------|---------------------------|---------------------------|---------------------|
| December 31, 2012 | \$ - | \$ - | \$ - | \$ - |
| Unrestricted designations | 7,200 | - | - | 7,200 |
| Restricted contributions | - | - | - | - |
| Investment return | - | - | - | - |
| December 31, 2013 | 7,200 | - | - | 7,200 |
| Unrestricted designations | 92,800 | - | - | 92,800 |
| Restricted contributions | - | - | 53,760 | 53,760 |
| Investment return | 2,421 | 730 | - | 3,151 |
| December 31, 2014 | <u>\$ 102,421</u> | <u>\$ 730</u> | <u>\$ 53,760</u> | <u>\$ 156,911</u> |

The Alliance attempts to invest its endowment funds to achieve a reasonable balance between principal preservation and capital growth for the organization's needs. At December 31, 2013 the Alliance invested the endowment in a cash account. Interest earned by the endowment in 2013 was immaterial and not recorded in the financial statements. At December 31, 2014 the Alliance invested \$143,411 of the endowment in mutual funds and the remainder in a cash account. Investment return on the permanently restricted portion of the endowment's investments is recorded as temporarily restricted net assets until expended.

NOTE 8—AGENCY ENDOWMENT

The Alliance has created an agency endowment as a component fund of the Greater Milwaukee Foundation (Foundation) through the Foundation's Acorn Program. Through this program, donors initiate long-term investment plans that will lead to permanent charitable endowment funds within the Foundation. Donors may make periodic gifts to these agency endowment Acorn funds, where they grow through compounding investment returns. When a fund reaches a predetermined level, it begins generating annual returns to the creating organization for the purposes of the agency endowment.

Under the provisions of the Foundation's governing instruments and applicable regulations, the Foundation's board of trustees has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with any distribution policy adopted by the Foundation or with the charitable needs of the community served. The Foundation maintains legal ownership of the assets of the agency endowment, which are held and administered subject to the provisions of the Foundation's governing instruments.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 8—AGENCY ENDOWMENT (continued)

Composition of and changes in agency endowment net assets were as follows:

| | <u>2014</u> | <u>2013</u> |
|---|------------------|------------------|
| Agency endowment funds - beginning of year | \$ 78,387 | \$ 67,584 |
| Return on agency endowment | <u>4,328</u> | <u>10,803</u> |
| Agency endowment funds - end of year | <u>\$ 82,715</u> | <u>\$ 78,387</u> |

The assets of the agency endowment are invested in the Foundation's Acorn Investment Pool, which includes a diverse mix of equity and debt securities. The Foundation has adopted an investment policy that attempts to generate highly competitive investment returns that support grantmaking while ensuring that each fund's principal growth equals or exceeds the rate of inflation.

The Alliance recognizes the fair value of contributions as support when received and recognizes transfers to the agency endowment as decreases in cash and increases in an asset called "Beneficial interest in assets held by Greater Milwaukee Foundation" when the funds are transferred to the Foundation.

NOTE 9—CONSERVATION LANDS

Conservation lands consisted of the following at December 31, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|-------------------------------|---------------------|---------------------|
| Land | 317,075 | 317,075 |
| Land with use restrictions | 4,232,351 | 4,986,150 |
| Land improvements | <u>54,171</u> | <u>54,171</u> |
| | 4,603,597 | 5,357,396 |
| Less accumulated depreciation | <u>54,171</u> | <u>54,171</u> |
| Conservation lands | <u>\$ 4,549,426</u> | <u>\$ 5,303,225</u> |

Use restrictions consist of easements, deed restrictions, and grantor reversionary restrictions which limit the land use to conservation purposes.

NOTE 10—LINE OF CREDIT

The Alliance has an unsecured line of credit established for \$35,000 that matures in September 2015. At December 31, 2014 and 2013 the Alliance had no outstanding balances on the line of credit.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 11—CAPITAL LEASE PAYABLE

In 2010 the Alliance began leasing equipment under a capital lease. Monthly lease payments were \$587. The economic substance of the lease was that the Alliance was financing the acquisition of the equipment through the lease, and, accordingly, it was recorded in the Alliance's assets and liabilities. The lease agreement contained a bargain purchase option at the end of the lease term.

The capital lease terminated in April 2015, and the Alliance received the title to the equipment. The Alliance made lease payments totaling \$2,183 in 2015. This amount was comprised of the December 31, 2014 lease payable balance of \$2,050 plus interest costs of \$133.

The leased equipment cost \$28,744 and related accumulated depreciation was \$26,349 and \$20,600 at December 31, 2014 and 2013.

NOTE 12—NOTES PAYABLE

In July 2013 the Alliance financed an acquisition of conservation land primarily through a note payable. The note had an interest rate of 3%, was secured by two parcels of conservation land, and had a balance of \$210,313 at December 31, 2013. The note was paid in April 2014.

In December 2014 the Alliance financed an acquisition of conservation land primarily through a note payable of \$87,300. The note has an interest rate of 1% and is secured by the conservation land. No payments are required until the note matures in July 2015.

In May 2013 the Alliance purchased the property it had previously leased for administrative offices. The Alliance financed the purchase primarily through a note payable, which has an interest rate of 3.95%, requires monthly payments of principal and interest of \$3,372, and is secured by the property. The note had balances of \$526,639 and \$545,600 at December 31, 2014 and 2013. The note matures in May 2018.

In March 2014 the Alliance purchased two vehicles. The Alliance financed the purchases primarily through a note payable of \$55,000. The note has an interest rate of 3% and is secured by the vehicles. No payments are required until the note matures in March 2019.

The total of the notes payable balances at December 31, 2014 and 2013 was \$668,939 and \$755,913.

Future minimum principal payments on the notes payable as of December 31, 2014 were as follows:

| | |
|---------------|-------------------|
| 2015 | \$ 107,344 |
| 2016 | 20,850 |
| 2017 | 21,688 |
| 2018 | 464,057 |
| 2019 | 55,000 |
| | <hr/> |
| Notes payable | <u>\$ 668,939</u> |

Interest expense for 2014 and 2013 was \$25,247 and \$16,620.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 13—NET ASSETS

Temporarily restricted net assets were available for the following purposes or periods at December 31, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------|---------------------|---------------------|
| Land acquisition | \$ 4,682,450 | \$ 4,216,370 |
| Purchase of administrative office | 261,729 | 318,129 |
| Youth activities | 32,500 | 10,300 |
| Subsequent year's activities | 25,000 | 8,266 |
| Trail maintenance | 22,400 | 27,200 |
| Legal defense fund | 20,750 | 19,750 |
| Education coordinator staff position | 14,200 | 54,400 |
| Endowment return unexpended | 730 | - |
| Television program production | - | 8,000 |
| Land stewardship and management | - | 5,000 |
| | <u>\$ 5,059,759</u> | <u>\$ 4,667,415</u> |

Permanently restricted net assets at December 31, 2014 were restricted for the endowment described in Note 7.

NOTE 14—IN-KIND CONTRIBUTIONS

In-kind contributions consist of donated services. Donated services are recorded at estimated fair values when the services are received. All donated services were allocated to program services for 2014 and 2013 as the services were received for publicity and assistance with land transactions commenced during those years.

The value of in-kind contributions included in the financial statements for 2014 and 2013 was as follows:

| | <u>2014</u> | <u>2013</u> |
|-------------------------|------------------|------------------|
| Donated services | | |
| Publicity and promotion | \$ 16,768 | \$ 19,700 |
| Legal | 70,983 | 39,000 |
| | <u>\$ 87,751</u> | <u>\$ 58,700</u> |

NOTE 15—FAIR VALUE MEASUREMENTS

Fair values for the beneficial interest in assets held by Greater Milwaukee Foundation represent an agreement between the Alliance and the Foundation in which the Alliance transfers assets to the Foundation in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 15—FAIR VALUE MEASUREMENTS (continued)

Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to the Alliance by the Foundation. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Fair values of assets measured on a recurring basis at December 31, 2014 and 2013 were as follows:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--|-------------------|---|---|--|
| 2014 | | | | |
| Investments | | | | |
| Mutual funds | \$ 312,543 | \$ 312,543 | \$ - | \$ - |
| Beneficial interest in assets held by Greater Milwaukee Foundation | 82,715 | - | - | 82,715 |
| Fair value measurements | <u>\$ 395,258</u> | <u>\$ 312,543</u> | <u>\$ -</u> | <u>\$ 82,715</u> |
| 2013 | | | | |
| Investments | | | | |
| Mutual funds | \$ 244,074 | \$ 244,074 | \$ - | \$ - |
| Beneficial interest in assets held by Greater Milwaukee Foundation | 78,387 | - | - | 78,387 |
| Fair value measurements | <u>\$ 322,461</u> | <u>\$ 244,074</u> | <u>\$ -</u> | <u>\$ 78,387</u> |

Fair values for mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 15—FAIR VALUE MEASUREMENTS (continued)

The following table presents additional information about assets measured at fair value on a recurring basis in 2014 and 2013 using significant unobservable inputs:

| | Beneficial Interest in Assets Held by Greater Milwaukee Foundation | |
|--|--|------------------|
| | 2014 | 2013 |
| Beginning balance | \$ 78,387 | \$ 67,584 |
| Change in value of the beneficial interest included in the change in net assets | 4,328 | 10,803 |
| Ending balance | <u>\$ 82,715</u> | <u>\$ 78,387</u> |

The change in value of the beneficial interest included in the change in net assets is reported as return on agency endowment on the statements of activities.

ICE AGE TRAIL ALLIANCE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
Year ended December 31, 2014

| | Program Services | Management and General | Fundraising | Total |
|---------------------------------|---------------------|---------------------------|-------------------|---------------------|
| Personnel | \$ 443,964 | \$ 60,401 | \$ 54,765 | \$ 559,130 |
| Donations | 472,193 | - | - | 472,193 |
| Professional services | 128,450 | 20,993 | 54,030 | 203,473 |
| Trail maintenance/mobile skills | 120,472 | - | - | 120,472 |
| Depreciation | 38,562 | 5,246 | 4,757 | 48,565 |
| Annual meeting | 37,700 | 503 | 4,180 | 42,383 |
| Travel | 26,248 | 3,537 | 3,174 | 32,959 |
| Printing and newsletter | 28,178 | 1,005 | 912 | 30,095 |
| Interest | - | 25,247 | - | 25,247 |
| Insurance | 19,823 | 2,697 | 2,445 | 24,965 |
| Office and supplies | 19,329 | 2,630 | 2,384 | 24,343 |
| Merchandise | 22,747 | - | - | 22,747 |
| Land acquisition | 16,844 | - | - | 16,844 |
| Postage and shipping | 12,610 | 1,716 | 1,555 | 15,881 |
| Rent and utilities | 13,900 | 895 | 812 | 15,607 |
| Telephone | 9,848 | 1,340 | 1,215 | 12,403 |
| Property taxes | 10,196 | - | - | 10,196 |
| Dues and subscriptions | 5,776 | 786 | 712 | 7,274 |
| Maintenance and repairs | 5,341 | 726 | 659 | 6,726 |
| Conferences and training | 4,387 | 597 | 541 | 5,525 |
| Other | 3,179 | 5,454 | - | 8,633 |
| Total expenses | \$ 1,439,747 | \$ 133,773 | \$ 132,141 | \$ 1,705,661 |

ICE AGE TRAIL ALLIANCE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
Year ended December 31, 2013

| | Program Services | Management and General | Fundraising | Total |
|---------------------------------|---------------------|---------------------------|------------------|---------------------|
| Personnel | \$ 400,568 | \$ 54,331 | \$ 38,025 | \$ 492,924 |
| Professional services | 81,478 | 36,152 | 16,820 | 134,450 |
| Trail maintenance/mobile skills | 75,433 | - | 4,786 | 80,219 |
| Depreciation | 34,468 | 4,674 | 3,272 | 42,414 |
| Annual meeting | 25,465 | 396 | 801 | 26,662 |
| Travel | 32,418 | 3,225 | 944 | 36,587 |
| Printing and newsletter | 31,734 | 3,891 | 2,724 | 38,349 |
| Interest | - | 16,620 | - | 16,620 |
| Insurance | 13,160 | 1,785 | 1,249 | 16,194 |
| Office and supplies | 18,450 | 1,876 | 1,313 | 21,639 |
| Merchandise | 23,764 | - | - | 23,764 |
| Land acquisition | 37,287 | - | - | 37,287 |
| Postage and shipping | 9,095 | 1,234 | 863 | 11,192 |
| Rent and utilities | 19,331 | 2,622 | 1,835 | 23,788 |
| Telephone | 7,946 | 1,078 | 754 | 9,778 |
| Property taxes | 8,627 | - | - | 8,627 |
| Dues and subscriptions | 12,940 | 1,756 | 1,228 | 15,924 |
| Maintenance and repairs | 5,125 | 694 | 487 | 6,306 |
| Conferences and training | 5,931 | 709 | 497 | 7,137 |
| Other | 4,927 | 5,136 | - | 10,063 |
| Total expenses | \$ 848,147 | \$ 136,179 | \$ 75,598 | \$ 1,059,924 |