

ICE AGE TRAIL ALLIANCE, INC.

FINANCIAL STATEMENTS

December 31, 2021 and 2020

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Ice Age Trail Alliance, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ice Age Trail Alliance, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principle generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ice Age Trail Alliance, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ice Age Trail Alliance, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
July 11, 2022

ICE AGE TRAIL ALLIANCE, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash	\$ 1,605,139	\$ 780,026
Certificates of deposit	21,809	35,521
Unconditional promises to give	156,737	160,290
Accounts receivable	38,359	83,652
Prepaid expenses	6,983	16,936
Inventory	10,021	9,076
Investments	1,658,435	1,562,060
Membership interests in limited liability companies	615,950	602,168
Beneficial interest in assets held by Greater Milwaukee Foundation	147,470	126,006
Beneficial interest in assets held by Madison Community Foundation	25,466	21,985
Property and equipment - net	1,267,826	1,314,988
Conservation lands - net	7,420,929	6,303,957
Total assets	\$ 12,975,124	\$ 11,016,665
LIABILITIES		
Accounts payable	\$ 54,284	\$ 28,133
Accrued expenses	60,028	31,589
Line of credit	495,082	215,000
Capital lease obligation	13,582	23,647
Note payable	660,414	698,050
Total liabilities	1,283,390	996,419
NET ASSETS		
Without donor restrictions	3,613,504	2,984,611
With donor restrictions	8,078,230	7,035,635
Total net assets	11,691,734	10,020,246
Total liabilities and net assets	\$ 12,975,124	\$ 11,016,665

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUES		
Contributions	\$ 1,228,066	\$ 1,077,547
Grants	452,853	464,885
Merchandise sales	260,657	269,861
Paycheck Protection Program income	147,500	147,500
Chapters	72,437	26,629
Special events	47,907	16,206
Interest	625	2,714
Rent	8,273	7,015
Other	35,232	18,309
Total operating revenues without donor restrictions	2,253,550	2,030,666
OPERATING EXPENSES		
Program services		
Lands	461,362	532,426
Trails	475,555	433,650
Outreach	758,660	612,725
Total program services	1,695,577	1,578,801
Supporting activities		
Management and general	287,087	237,794
Fundraising	162,723	103,674
Total operating expenses	2,145,387	1,920,269
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	382,263	106,800
Expiration of time restrictions	50,261	19,710
Net operating income	540,687	236,907
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Investment return	55,514	77,110
Return from beneficial interests in foundations	24,945	16,215
Gain on sale of conservation lands	7,747	-
Easement acquisition	-	(21,951)
Support for land acquisition and improvements	-	180,867
Change in net assets without donor restrictions	628,893	489,148
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Grants and contributions	1,425,657	144,888
Investment return	35,680	21,048
Change in value of membership interests in limited liability companies	13,782	11,500
Support for land acquisition and improvements	-	1,895,730
Disposition of conservation lands	-	(2,165,000)
Net assets released from restrictions		
Satisfaction of purpose restrictions	(382,263)	(106,800)
Expiration of time restrictions	(50,261)	(19,710)
Change in net assets with donor restrictions	1,042,595	(218,344)
Change in net assets	1,671,488	270,804
Net assets at beginning of year	10,020,246	9,749,442
Net assets at end of year	\$ 11,691,734	\$ 10,020,246

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program Services			Supporting Activities		Total
	Lands	Trails	Outreach	Management and General	Fundraising	
Personnel	\$ 202,123	\$ 212,229	\$ 353,715	\$ 141,486	\$ 101,060	\$ 1,010,613
Land acquisition and management	146,636	16,632	9,951	-	-	173,219
Professional services	48,313	14,256	59,444	38,104	8,932	169,049
Trail maintenance/mobile skills	-	145,161	-	-	-	145,161
Merchandise	-	-	99,579	-	-	99,579
Annual meeting	-	5,947	79,030	-	2,026	87,003
Depreciation	16,239	17,051	28,419	11,368	8,120	81,197
Printing and newsletter	5,855	8,372	38,441	4,099	24,156	80,923
Office and supplies	6,771	21,218	11,849	4,738	3,386	47,962
Insurance	8,725	9,161	15,268	6,107	4,363	43,624
Interest	245	-	-	31,442	-	31,687
Travel	5,444	6,250	9,291	3,716	2,520	27,221
Postage and shipping	4,845	5,088	8,479	3,392	2,422	24,226
Dues and subscriptions	4,739	4,976	8,294	3,317	2,371	23,697
Telephone	2,901	3,046	5,077	2,031	1,451	14,506
Maintenance and repairs	1,837	1,929	3,215	1,286	917	9,184
Rent and utilities	1,774	1,863	3,105	1,242	886	8,870
Property taxes	4,688	-	-	-	-	4,688
Conferences and training	227	2,376	397	159	113	3,272
Other	-	-	25,106	34,600	-	59,706
Total expenses	461,362	475,555	758,660	287,087	162,723	2,145,387
Less non-operating expenses	-	-	-	-	-	-
Total operating expenses	\$ 461,362	\$ 475,555	\$ 758,660	\$ 287,087	\$ 162,723	\$ 2,145,387

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Services			Supporting Activities		Total
	Lands	Trails	Outreach	Management and General	Fundraising	
Disposition of conservation lands	\$ 2,165,000	\$ -	\$ -	\$ -	\$ -	\$ 2,165,000
Personnel	219,023	232,170	284,176	116,548	75,579	927,496
Land acquisition and management	195,589	38,124	2,165	-	-	235,878
Professional services	67,599	5,936	106,152	24,369	4,132	208,188
Trail maintenance/mobile skills	-	77,597	-	-	-	77,597
Merchandise	-	-	87,295	-	-	87,295
Annual meeting	-	5,488	13,721	-	500	19,709
Depreciation	15,128	16,036	19,628	8,051	5,220	64,063
Printing and newsletter	6,914	8,526	37,164	3,679	2,386	58,669
Office and supplies	4,971	5,269	6,449	2,645	1,715	21,049
Insurance	8,072	8,556	10,473	4,296	2,785	34,182
Interest	245	-	-	34,780	-	35,025
Travel	7,113	7,594	9,207	3,774	2,432	30,120
Postage and shipping	7,776	8,243	10,089	4,139	2,683	32,930
Dues and subscriptions	7,620	8,077	9,887	4,055	2,629	32,268
Telephone	4,044	4,287	5,248	2,152	1,396	17,127
Maintenance and repairs	2,994	3,174	3,884	1,593	1,033	12,678
Rent and utilities	1,853	1,964	2,404	986	639	7,846
Property taxes	3,856	-	-	-	-	3,856
Conferences and training	1,580	2,609	2,050	842	545	7,626
Other	-	-	2,733	25,885	-	28,618
Total expenses	2,719,377	433,650	612,725	237,794	103,674	4,107,220
Less non-operating expenses	(2,186,951)	-	-	-	-	(2,186,951)
Total operating expenses	\$ 532,426	\$ 433,650	\$ 612,725	\$ 237,794	\$ 103,674	\$ 1,920,269

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,671,488	\$ 270,804
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	81,197	64,063
Contributions of equipment	-	(138,500)
Change in value of membership interests in limited liability companies	(13,782)	(11,500)
Realized and unrealized gains on investments	(150,037)	(82,598)
Investment return retained in beneficial interests in foundations	(24,945)	(16,215)
Gain on sale of conservation lands	(7,747)	-
Donated conservation lands	-	(600,000)
Disposition of conservation lands	-	2,165,000
(Increase) decrease in assets		
Unconditional promises to give	3,553	14,710
Accounts receivable	45,293	(42,324)
Prepaid expenses	9,953	881
Inventory	(945)	(9,076)
Increase (decrease) in liabilities		
Accounts payable	26,151	3,683
Accrued expenses	28,439	(8,090)
Net cash provided by operating activities	1,668,618	1,610,838
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of and interest retained in certificates of deposit	(5,312)	(712)
Redemptions of certificates of deposit	19,024	9,762
Interest and dividends retained in investments	(50,659)	(15,560)
Purchases of investments	(809,993)	(871,191)
Redemptions of investments	914,314	-
Purchases of property and equipment	(34,035)	(21,489)
Purchases of conservation lands	(824,000)	(469,958)
Proceeds from sale of conservation lands	209,857	-
Net cash used in investing activities	(580,804)	(1,369,148)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on lines of credit	(215,000)	-
Payments on capital lease obligation	(10,065)	(11,467)
Payments on note payable	(37,636)	(89,640)
Net cash used in financing activities	(262,701)	(101,107)
Change in cash	825,113	140,583
Cash at beginning of year	780,026	639,443
Cash at end of year	\$ 1,605,139	\$ 780,026
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 31,687	\$ 35,025
Noncash investing and financing activities		
Property and equipment financed by line of credit	495,082	215,000

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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.

Promises to Give

Unconditional promises to give are recognized as support 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

As of December 31, 2021 and 2020, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary. 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 net realizable value determined by the first-in, first-out method.

Investments

The Alliance carries investments in marketable securities. Investments in mutual funds, equities, and exchange traded funds have readily determinable fair values and are recorded at fair value in the statements of financial position. Investments in corporate bonds are considered held to maturity and recorded at cost. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

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 net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 net assets without donor restrictions if restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

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).

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, annual meeting, depreciation, printing and newsletter, office and supplies, insurance, travel, postage and shipping, dues and subscriptions, telephone, rent and utilities, and conferences and training, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Lands: The Alliance protects the Ice Age National Scenic Trail and accompanying lands. The lands host a variety of public recreational opportunities.

Trails: The Alliance builds and maintains about 675 miles of the Ice Age National Scenic Trail that are open for public use. The Alliance coordinates this work with its 19 chapters and volunteers throughout Wisconsin and beyond.

Outreach: The Alliance hosts various conferences and implements youth education programs.

Management and General: Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Alliance's program strategy; secure proper administrative functioning of the board of directors; maintain competent legal services for the administration of programs; and manage the financial and budgetary responsibilities of the Alliance.

Fundraising: Provides the structure necessary to encourage and secure private financial contributions from individuals, foundations, and corporations.

Date of Management's Review

Management has evaluated subsequent events through July 11, 2022, the date which the financial statements were available to be issued.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2021 and 2020 were as follows:

	2021	2020
Special projects	\$ 10,000	\$ 30,000
General operations support	146,737	130,290
Unconditional promises to give	\$ 156,737	\$ 160,290

\$76,737 of unconditional promises to give at December 31, 2021 are due within one year, and \$80,000 are due in one to five years. Discounts associated with noncurrent promises to give are immaterial and not recorded in the financial statements.

NOTE 3—INVESTMENTS

Investments at December 31, 2021 and 2020 consisted of mutual funds, equities, and corporate bonds.

NOTE 4—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, 2021 and 2020 was \$615,950 and \$602,168. The present value of the estimated future benefits is calculated using historical costs, the applicable discount rates, and mortality factors.

NOTE 5—PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Land	\$ 77,690	\$ 77,690
Building	1,107,199	1,107,199
Equipment	501,129	499,480
Furniture and fixtures	190,581	158,195
Property and equipment	1,876,599	1,842,564
Less accumulated depreciation	608,773	527,576
Property and equipment - net	\$ 1,267,826	\$ 1,314,988

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6—CONSERVATION LANDS

Conservation lands at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Land	\$ 1,294,368	\$ 1,496,478
Land with use restrictions	6,126,561	4,807,479
Land improvements	54,171	54,171
Conservation lands	7,475,100	6,358,128
Less accumulated depreciation	54,171	54,171
Conservation lands - net	\$ 7,420,929	\$ 6,303,957

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

NOTE 7—NOTE PAYABLE

The note payable consists of a 4.61% loan to a local financial institution. The note balance was \$660,414 and \$698,050 at December 31, 2021 and 2020. The loan requires monthly payments of principal and interest of \$5,737, matures in September 2024, and is secured by land and building.

Future minimum principal payments on the note payable are as follows:

2022	\$ 39,271
2023	41,120
2024	580,023
Note payable	\$ 660,414

NOTE 8—CAPITAL LEASE ARRANGEMENT

The Alliance began leasing equipment under a capital lease during 2019. Monthly payments are \$844. The cost of the equipment recorded under the capital lease is \$39,140, with accumulated depreciation of \$19,570 at December 31, 2021.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 8—CAPITAL LEASE ARRANGEMENT (continued)

Future minimum payments required under the capital lease are as follows:

2022	\$ 9,785
2023	<u>3,797</u>
Capital lease obligation	<u>\$ 13,582</u>

The interest component of the capital lease obligation is immaterial and not recorded in the financial statements.

NOTE 9—LINES OF CREDIT

During 2021, the Alliance renewed and increased its unsecured line of credit from \$250,000 to \$500,000 with the interest rate remaining at 4%. The line of credit matures on December 7, 2022. At December 31, 2021 and 2020 the Alliance had an outstanding balance on this line of credit of \$495,082 and \$215,000. The Alliance also had an unsecured line of credit established for \$35,000 at the Prime Rate of interest that matured on September 17, 2021. At December 31, 2020, the Alliance had no outstanding balance on this line of credit.

NOTE 10—CONCENTRATION OF CREDIT

The Alliance maintains the majority of its cash balances at one financial institution in Cross Plains, Wisconsin. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021 and 2020, the Alliance's cash balances were in excess of FDIC insured limits by approximately \$1,050,000 and \$377,000. Management believes the Alliance is not exposed to any significant concentration of credit risk arising from cash deposits in excess of insured limits.

NOTE 11—DONOR-DESIGNATED ENDOWMENTS

The Alliance's donor-designated endowments consist of funds established to support property monitoring and trail enhancements.

Interpretation of Relevant Law

The Alliance has determined that its net assets held in perpetuity meet the definition of endowment funds under Wisconsin's Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Alliance has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 11—DONOR-DESIGNATED ENDOWMENTS (continued)

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Alliance consider a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Alliance has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Alliance considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund (2) the purposes of the organization and the donor-restricted endowment fund (3) general economic conditions (4) the possible effect of inflation and deflation (5) the expected total return from income and the appreciation of investments (6) other resources of the organization, and (7) the investment policies of the Alliance.

Return Objectives and Risk Parameters

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, 2021 and 2020 the Alliance invested substantially all of the endowments’ net assets in mutual funds.

Spending Policy

The Alliance considers all of the endowments’ cumulative investment returns to be available for spending. These amounts are classified as donor restricted for property monitoring purposes and totaled \$103,895 and \$68,215 at December 31, 2021 and 2020. No amounts have been expended from the endowments’ inceptions through December 31, 2021.

Composition of any changes in donor-designated endowment net assets for the years ended December 31, 2021 and 2020 were as follows:

	<u>Property Monitoring</u>	<u>Trails</u>	<u>Totals</u>
Balance December 31, 2019	\$ 193,552	\$ 2,500	\$ 196,052
Investment return	<u>21,048</u>	<u>-</u>	<u>21,048</u>
Balance December 31, 2020	214,600	2,500	217,100
Contributions	5,260	-	5,260
Investment return	<u>35,680</u>	<u>-</u>	<u>35,680</u>
Balance December 31, 2021	<u>\$ 255,540</u>	<u>\$ 2,500</u>	<u>\$ 258,040</u>

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 12—BOARD-DESIGNATED ENDOWMENTS

The Alliance’s board of directors has designated general endowment funds to support property monitoring. Since those amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions. The investments of the board-designated endowments are held at the Alliance as well as two external foundations.

Composition of and changes in board-designated endowment net assets held at the Alliance for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Beginning balance	\$ 245,501	\$ 198,222
Unrestricted contributions	-	23,200
Investment return	102,481	24,079
Ending balance	\$ 347,982	\$ 245,501

Substantially all of the board-designated endowment net assets held at the Alliance at December 31, 2021 and 2020 were invested in mutual funds.

The Alliance also established funds to support property monitoring through investments at the Greater Milwaukee Foundation and the Madison Community Foundation. The agreements between the Alliance and the Foundations state that the transfer of assets is irrevocable and that the transferred assets will not be returned to the Alliance. However, the Foundations will make annual distributions of the income earned on the funds subject to the Foundations’ spending policies. The agreements also grant variance power to the Foundations, which permits the Foundations to substitute another beneficiary in place of the Alliance if the Alliance ceases to exist or if the Foundations’ boards of governors determine that support of the Alliance either is no longer necessary or is inconsistent with the needs of the community.

The Foundations’ primary investment goal is to deliver long-term investment returns sufficient to cover both spending and inflation to preserve the purchasing power of the investment portfolio. The Foundations seek to achieve this goal through cost-effective implementation at an appropriate level of risk, diversification of asset classes and strategies to provide consistent returns, capital preservation in down market cycles to provide stability in spending support, and long-term capital appreciation through the incorporation of risk-based assets, including non-marketable, illiquid alternatives.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 12—BOARD-DESIGNATED ENDOWMENTS (continued)

Composition of and changes in endowment net assets held at the Greater Milwaukee Foundation for the years ended December 31, 2021 and 2020, were as follows:

	Beneficial Interest in Assets Held by Greater Milwaukee Foundation	
	2021	2020
Beginning balance	\$ 126,006	\$ 111,628
Change in value of the beneficial interest including the change in net assets	21,464	14,378
Ending balance	\$ 147,470	\$ 126,006

Composition of and changes in endowment net assets held at the Madison Community Foundation for the years ended December 31, 2021 and 2020, were as follows:

	Beneficial Interest in Assets Held by Madison Community Foundation	
	2021	2020
Beginning balance	\$ 21,985	\$ 20,148
Change in value of the beneficial interest including the change in net assets	3,481	1,837
Ending balance	\$ 25,466	\$ 21,985

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 13—LIQUIDITY AND AVAILABILITY

The Alliance’s financial assets as of the dates of the statements of financial position, reduced by amounts not available to meet cash needs for general expenditures within one year of the dates of the statements of financial position because of contractual or donor imposed restrictions or internal designations, are as follows:

	2021	2020
Cash	\$ 1,605,139	\$ 780,026
Certificates of deposit	21,809	35,521
Unconditional promises to give	156,737	160,290
Accounts receivable	38,359	83,652
Investments	1,658,435	1,562,060
Less: those unavailable for general expenditures within one year, due to:		
Swamplovers trust investments	(839,963)	(859,733)
Endowment funds included in investments	(606,022)	(462,601)
Designations for specific purposes	(242,845)	(253,182)
Contractual or donor-imposed restrictions:		
Restricted by donors with purpose restrictions	(731,631)	(503,822)
Restricted by the passage of time, beyond the upcoming twelve months	(80,000)	(100,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 980,018	\$ 442,211

As part of the Alliance’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 14—NET ASSETS

Net assets without donor restrictions at December 31, 2021 and 2020 were designated as follows:

	2021	2020
Designated for endowments	\$ 520,917	\$ 393,492
Designated for chapters	140,195	118,509
Designated for Legal Defense Fund	102,650	88,250
Designated for Lodi Area Fund	-	46,423
Invested in conservation land	1,372,058	1,359,168
Invested in property and equipment, net of liabilities	593,830	528,788
Undesignated	883,854	449,981
Total net assets without donor restrictions	\$ 3,613,504	\$ 2,984,611

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 14—NET ASSETS (continued)

Net assets with donor restrictions at December 31, 2021 and 2020 were restricted as follows:

	2021	2020
Restricted for specified purposes:		
Land	\$ 6,247,429	\$ 5,409,647
Swamplovers trust	839,969	842,991
Prairie Springs	36,381	-
Land acquisition	82,877	151,554
Trail activities	298,272	150,138
Property monitoring	103,895	68,215
Outreach	121,504	63,750
Land stewardship	67,952	49,415
Legal defense fund	20,750	20,750
	7,819,029	6,756,460
Restricted for the passage of time:		
Subsequent years' activities	105,056	130,290
Permanently restricted endowments:		
Investment in perpetuity. The investment return is expendable to support property monitoring.	151,645	146,385
Investment in perpetuity. The investment return is expendable to support trail enhancements.	2,500	2,500
	154,145	148,885
Total net assets with donor restrictions	\$ 8,078,230	\$ 7,035,635

NOTE 15—PENSION PLAN

The Alliance sponsors 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 for 2021 and 2020 totaled \$18,699 and \$18,966.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 16—FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2021 and 2020 were as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
2021			
Investments			
Mutual funds	\$ 818,466	\$ 818,466	\$ -
Equities	418,202	418,202	-
Corporate bonds	411,978	411,978	-
Beneficial interest in assets held by Greater Milwaukee Foundation	147,470	-	147,470
Beneficial interest in assets held by Madison Community Foundation	25,466	-	25,466
Fair value measurements	<u>\$ 1,821,582</u>	<u>\$ 1,648,646</u>	<u>\$ 172,936</u>
2020			
Investments			
Mutual funds	\$ 1,300,832	\$ 1,300,832	\$ -
Equities	51,338	51,338	-
Exchange traded funds	9,890	9,890	-
Beneficial interest in assets held by Greater Milwaukee Foundation	126,006	-	126,006
Beneficial interest in assets held by Madison Community Foundation	21,985	-	21,985
Fair value measurements	<u>\$ 1,510,051</u>	<u>\$ 1,362,060</u>	<u>\$ 147,991</u>

Fair values for mutual funds, equities, corporate bonds, and exchange traded 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, 2021 and 2020

NOTE 16—FAIR VALUE MEASUREMENTS (continued)

Fair values of the beneficial interests in assets held by the Greater Milwaukee Foundation and the Madison Community Foundation represent agreements between the Alliance and the Foundations in which the Alliance transfers assets to the Foundations in exchange for future distributions. The beneficial interests are not actively traded and significant other observable inputs are not available.

The fair values of the beneficial interests are measured at the proportional share of the underlying assets as reported to the Alliance by the Foundations. Little information about those assets is released publicly. The estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

The following table presents additional information about assets measured at fair value on a recurring basis in 2021 and 2020 using significant unobservable inputs:

	Beneficial Interest in Assets Held by Greater Milwaukee Foundation	
	2021	2020
Beginning balance	\$ 126,006	\$ 111,628
Change in value of the beneficial interest included in the change in net assets	21,464	14,378
Ending balance	\$ 147,470	\$ 126,006
	Beneficial Interest in Assets Held by Madison Community Foundation	
	2021	2020
Beginning balance	\$ 21,985	\$ 20,148
Change in value of the beneficial interest including the change in net assets	3,481	1,837
Ending balance	\$ 25,466	\$ 21,985

The changes in values of the beneficial interests are reported as return from beneficial interests in foundations on the statements of activities.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 17—IN-KIND CONTRIBUTIONS

In-kind contributions consist of donated services and donated conservation lands. Donated services are recorded at estimated fair values when the services are received.

The value of in-kind contributions included in the financial statements for 2021 and 2020 was as follows:

	2021	2020
Donated services		
Publicity and promotion	\$ 2,144	\$ 32,500
Legal	34,736	62,000
Donated conservation lands	-	600,000
Donated equipment	-	138,500
	\$ 36,880	\$ 833,000

Donated services for 2021 were allocated as follows: \$34,736 to the lands program and \$2,144 to fundraising. Donated services for 2020 were allocated as follows: \$62,000 to the lands program, \$30,300 to the outreach program, and \$2,200 to fundraising.

NOTE 18—PAYCHECK PROTECTION PROGRAM

In April 2020, the Alliance received funding from the Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) implemented by the United States Small Business Administration (SBA). These funds are to help cover payroll costs, rent, and utilities during the COVID-19 outbreak. The Alliance received a loan from this program in the amount of \$147,500 to be repaid over 24 months at 1% interest. If the Alliance is able to meet certain criteria set forth by the CARES Act, the loan qualifies for partial or full forgiveness as long as the loan is used to keep employees and pay eligible costs during the allowable period after receiving the loan. On January 7, 2021, the Alliance received complete forgiveness of its loan. As such, \$147,500 of revenue was recorded in 2020, when the associated expenses were incurred, and the associated liability was removed.

In February 2021, the Alliance received a second PPP loan as part of the CARES Act implemented by the SBA. The Alliance received a loan in the amount of \$147,500 to be repaid over 24 months at 1% interest. On August 18, 2021, the Alliance received complete forgiveness of its loan. As such, \$147,500 of revenue was recorded in 2021, and the associated liability was removed.

The Alliance must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Alliance's good-faith certification concerning the necessity of its loan request, whether the Alliance calculated the loan amount correctly, whether the Alliance used loan proceeds for the allowable uses specified in the CARES Act, and whether the Alliance is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Alliance was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of funds.

July 11, 2022

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

We have audited the financial statements of Ice Age Trail Alliance, Inc. for the year ended December 31, 2021, and we will issue our report thereon dated July 11, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 29, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Ice Age Trail Alliance, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Alliance during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were as follows:

Management's estimate of the allocation of expenses by function is based on an analysis of the hours and resources spent on the Alliance's program services and supporting services. Management's estimate of the value of the membership interest in the limited liability companies is based on analysis of historical costs, the applicable discount rates, and mortality factors. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letters dated July 11, 2022. Attached are copies of management's written representations.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Alliance's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Alliance's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the board of directors and management of Ice Age Trail Alliance, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Wegner CPAs, LLP



Bruce Mayer, CPA
Partner



July 11, 2022

To Wegner CPAs, LLP

This representation letter is provided in connection with your audit of the financial statements of Ice Age Trail Alliance, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of July 11, 2022, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 7, 2022, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Alliance's accounts.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

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Cross Plains, WI 53528

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iceagetrail.org



10. Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Alliance is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
12. The Alliance expects to meet the Paycheck Protection Program's eligibility criteria and we believe that the loan represents, in substance, a grant that is expected to be forgiven. The Alliance accounts for its loan as a conditional contribution in accordance with FASB ASC 958-605.

Information Provided

13. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Alliance from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
14. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
15. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
16. We have no knowledge of any fraud or suspected fraud that affects the Alliance and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
17. We have no knowledge of any allegations of fraud or suspected fraud affecting the Alliance's financial statements communicated by employees, former employees, grantors, regulators, or others.
18. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
19. We have disclosed to you the names of all of the Alliance's related parties and all the related-party relationships and transactions, including any side agreements.
20. We are responsible for understanding and complying with, and have complied with, the requirements of the Paycheck Protection Program. The required certification concerning the necessity of the loan request was made in good faith.
21. The Alliance applied for forgiveness of its Paycheck Protection Program loan. The amount for which the Alliance is requesting forgiveness was used to retain employees, make interest payments on a

covered mortgage obligation, make payments on a covered rent obligation, or make covered utility payments.

22. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
23. The Alliance has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
24. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
25. Ice Age Trail Alliance, Inc. is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Alliance's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
26. In regard to the tax services, preparation of the financial statements and bookkeeping services performed by you, we have—
 - Assumed all management responsibilities.
 - Overseen the services by designating an individual who possesses suitable skill, knowledge, and/or experience.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.

We have carefully read this letter before signing it and understand, while you have provided the language of this letter to us, we are making these representations to you. We understand our obligation to carefully consider the possibility that any of the representations are not accurate. We have inquired of other members of management or employees of Ice Age Trail Alliance, Inc. to the extent necessary to obtain a high degree of assurance that these representations are true. We know that you will be relying on them in the issuance of your report.



Mike Wollmer
Executive Director



July 11, 2022

To Wegner CPAs, LLP

This representation letter is provided in connection with your audit of the financial statements of Ice Age Trail Alliance, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

I confirm, to the best of my knowledge and belief, as of July 11, 2022, the following representations made to you during your audit.

Financial Statements

1. I have fulfilled my responsibilities, as set out in the terms of the audit engagement letter dated January 7, 2022, including my responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. Significant assumptions I used in making accounting estimates, including those measured at fair value, are reasonable.
4. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
5. As part of your audit, you prepared the draft financial statements and related notes. I have reviewed, approved, and accepted responsibility for those financial statements and related notes.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

I have carefully read this letter before signing it and understand, while you have provided the language of this letter to me, I am making these representations to you. I understand my obligation to carefully consider the possibility that any of the representations are not accurate. I have inquired of other members of management or employees of Ice Age Trail Alliance, Inc. to the extent necessary to obtain a high degree of assurance that these representations are true. I know that you will be relying on them in the issuance of your report.


Mike Brand, CPA
Kollath CPA

July 11, 2022

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

In planning and performing our audit of the financial statements of Ice Age Trail Alliance, Inc. as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Alliance's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alliance's internal control.

However, during our audit we noted a certain matter involving internal control that is presented for your consideration.

Continued Oversight of Chapter Activities


During the past several years we have noticed that monitoring the activities of the individual chapter bank accounts and financial transactions by the Alliance's central office staff has been a point of emphasis. Along with the Alliance's management, we appreciate the efforts made to increase oversight over chapter funds, as all the finances controlled by the individual chapters fall under the domain of the organization at large. The tax-exempt status granted by the Internal Revenue Service requires that the organization monitor all activities to ensure that they are in accordance with that tax exempt status. We encourage Alliance staff to continue to work with the chapter leaders to make further progress on this matter.

We will review the status of this comment during our next audit engagement. We have already discussed this matter with Cooperative personnel, and we will be pleased to discuss it in further detail at your convenience or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the board of directors, and others within the Cooperative, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Wegner CPAs, LLP



Bruce Mayer, CPA
Partner