

ICE AGE TRAIL ALLIANCE, INC.

FINANCIAL STATEMENTS

December 31, 2020 and 2019

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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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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

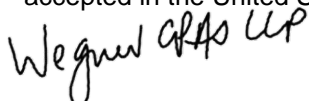
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2020 and 2019, 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.



Wegner CPAs, LLP
Madison, Wisconsin
July 2, 2021

ICE AGE TRAIL ALLIANCE, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 780,026	\$ 639,443
Certificates of deposit	35,521	44,571
Unconditional promises to give	160,290	175,000
Accounts receivable	83,652	41,328
Prepaid expenses	16,936	17,817
Inventory	9,076	-
Investments	1,562,060	592,711
Membership interests in limited liability companies	602,168	590,668
Beneficial interest in assets held by Greater Milwaukee Foundation	126,006	111,628
Beneficial interest in assets held by Madison Community Foundation	21,985	20,148
Property and equipment - net	1,314,988	1,219,062
Conservation lands - net	6,303,957	7,186,812
Total assets	<u>\$ 11,016,665</u>	<u>\$ 10,639,188</u>
LIABILITIES		
Accounts payable	\$ 28,133	\$ 24,450
Accrued expenses	31,589	42,492
Line of credit	215,000	-
Capital lease obligation	23,647	35,114
Notes payable	698,050	787,690
Total liabilities	996,419	889,746
NET ASSETS		
Without donor restrictions	2,984,611	2,495,463
With donor restrictions	7,035,635	7,253,979
Total net assets	<u>10,020,246</u>	<u>9,749,442</u>
Total liabilities and net assets	<u>\$ 11,016,665</u>	<u>\$ 10,639,188</u>

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUES		
Contributions	\$ 1,077,547	\$ 1,121,116
Grants	464,885	274,727
Merchandise sales	269,861	85,754
Paycheck Protection Program income	147,500	-
Chapters	26,629	42,471
Special events	16,206	60,538
Interest	2,714	-
Rent	7,015	4,400
Other	18,309	25,647
Total operating revenues without donor restrictions	2,030,666	1,614,653
OPERATING EXPENSES		
Program services		
Lands	532,426	305,942
Trails	433,650	553,485
Outreach	612,725	605,841
Total program services	1,578,801	1,465,268
Supporting activities		
Management and general	237,794	207,156
Fundraising	103,674	151,585
Total operating expenses	1,920,269	1,824,009
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	106,800	80,000
Expiration of time restrictions	19,710	-
Net operating income (loss)	236,907	(129,356)
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Investment return	77,110	70,471
Return from beneficial interests in foundations	16,215	16,542
Gain on sale of conservation lands	-	106,167
Easement acquisition	(21,951)	-
Support for land acquisition and improvements	180,867	151,800
Change in net assets without donor restrictions	489,148	215,624
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Grants and contributions	144,888	306,008
Investment return	21,048	23,949
Change in value of membership interests in limited liability companies	11,500	10,990
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	(106,800)	(80,000)
Expiration of time restrictions	(19,710)	-
Change in net assets with donor restrictions	(218,344)	260,947
Change in net assets	270,804	476,571
Net assets at beginning of year	9,749,442	9,272,871
Net assets at end of year	\$ 10,020,246	\$ 9,749,442

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
Merchandise	-	-	87,295	-	-	87,295
Trail maintenance/mobile skills	-	77,597	-	-	-	77,597
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
Interest	245	-	-	34,780	-	35,025
Insurance	8,072	8,556	10,473	4,296	2,785	34,182
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
Travel	7,113	7,594	9,207	3,774	2,432	30,120
Office and supplies	4,971	5,269	6,449	2,645	1,715	21,049
Annual meeting	-	5,488	13,721	-	500	19,709
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
Conferences and training	1,580	2,609	2,050	842	545	7,626
Property taxes	3,856	-	-	-	-	3,856
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.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Services			Supporting Activities		Total
	Lands	Trails	Outreach	Management and General	Fundraising	
Personnel	\$ 143,208	\$ 287,407	\$ 291,411	\$ 100,121	\$ 108,300	\$ 930,447
Land acquisition and management	98,503	17,196	131	-	-	115,830
Professional services	17,330	4,292	58,224	21,903	4,733	106,482
Merchandise	-	-	24,233	-	-	24,233
Trail maintenance/mobile skills	-	137,220	-	-	-	137,220
Depreciation	8,696	17,452	17,695	6,080	6,576	56,499
Printing and newsletter	2,373	7,911	44,398	1,659	1,795	58,136
Interest	3,063	-	-	39,928	-	42,991
Insurance	5,010	10,054	10,194	3,503	3,789	32,550
Postage and shipping	3,321	8,124	6,758	2,322	2,167	22,692
Dues and subscriptions	5,567	12,719	11,329	3,892	4,210	37,717
Travel	8,600	17,342	17,501	6,013	6,504	55,960
Office and supplies	3,777	7,580	7,686	2,641	2,856	24,540
Annual meeting	-	11,063	103,939	-	6,259	121,261
Telephone	2,684	5,387	5,462	1,877	2,030	17,440
Maintenance and repairs	1,466	2,941	2,982	1,024	1,108	9,521
Rent and utilities	1,370	2,750	2,788	958	1,037	8,903
Conferences and training	291	4,047	593	203	221	5,355
Property taxes	683	-	-	-	-	683
Other	-	-	517	15,032	-	15,549
Total expenses	\$ 305,942	\$ 553,485	\$ 605,841	\$ 207,156	\$ 151,585	\$ 1,824,009

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 270,804	\$ 476,571
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	64,063	56,499
Contributions of equipment	(138,500)	-
Change in value of membership interests in limited liability companies	(11,500)	(10,990)
Realized and unrealized gains on investments	(82,598)	(89,823)
Investment return retained in beneficial interests in foundations	(16,215)	(16,542)
Donated conservation lands	(600,000)	(152,975)
Gain on sale of conservation lands	-	(106,167)
Disposition of conservation lands	2,165,000	-
(Increase) decrease in assets		
Unconditional promises to give	14,710	15,000
Accounts receivable	(42,324)	33,445
Prepaid expenses	881	(6,158)
Inventory	(9,076)	13,356
Increase (decrease) in liabilities		
Accounts payable	3,683	(6,227)
Accrued expenses	(8,090)	(18,114)
Net cash provided by operating activities	1,610,838	187,875
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of and interest retained in certificates of deposit	712	(36,956)
Redemptions of certificates of deposit	8,338	21,088
Interest and dividends retained in investments	(15,560)	(12,002)
Purchases of investments	(871,191)	-
Purchases of property and equipment	(21,489)	(96,630)
Purchases of conservation lands	(684,958)	(63,776)
Proceeds from sale of conservation lands	-	414,953
Net cash provided by (used in) investing activities	(1,584,148)	226,677
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	215,000	-
Payments on lines of credit	-	(101,252)
Payments on capital lease obligation	(11,467)	(4,026)
Proceeds from notes payable	-	765,307
Payments on notes payable	(89,640)	(864,213)
Net cash provided by (used in) financing activities	113,893	(204,184)
Change in cash	140,583	210,368
Cash at beginning of year	639,443	429,075
Cash at end of year	\$ 780,026	\$ 639,443
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 35,025	\$ 42,991
Noncash investing and financing activities		
Property and equipment financed by line of credit	215,000	-
Equipment financed through capital lease obligation	-	39,140

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019

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, 2020 and 2019

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, travel, printing and newsletter, depreciation, insurance, dues and subscriptions, office and supplies, postage and shipping, telephone, conferences and training, and rent and utilities, 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 2, 2021, the date which the financial statements were available to be issued.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Special projects	\$ 30,000	\$ 25,000
General operations support	<u>130,290</u>	<u>150,000</u>
Unconditional promises to give	<u>\$ 160,290</u>	<u>\$ 175,000</u>

\$60,290 of unconditional promises to give at December 31, 2020 are due within one year, and \$100,000 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, 2020 consisted of mutual funds, equities, corporate bonds, and exchange traded funds. Investments at December 31, 2019 consisted of mutual funds.

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, 2020 and 2019 was \$602,168 and \$590,668. 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, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 77,690	\$ 77,690
Building	1,107,199	1,107,199
Equipment	499,480	339,491
Furniture and fixtures	<u>158,195</u>	<u>158,195</u>
Property and equipment	1,842,564	1,682,575
Less accumulated depreciation	<u>527,576</u>	<u>463,513</u>
Property and equipment - net	<u>\$ 1,314,988</u>	<u>\$ 1,219,062</u>

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 6—CONSERVATION LANDS

Conservation lands at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Land	\$ 1,496,478	\$ 1,279,368
Land with use restrictions	4,807,479	5,907,444
Land improvements	54,171	54,171
Conservation lands	6,358,128	7,240,983
Less accumulated depreciation	54,171	54,171
Conservation lands - net	\$ 6,303,957	\$ 7,186,812

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

NOTE 7—NOTES PAYABLE

Notes payable at December 31, 2020 and 2019 consisted of the following:

	2020	2019
3% note to a former member of the Alliance's board of directors, secured by equipment. No principal payments required until maturity. Paid in December 2020.	\$ -	\$ 55,000
4.61% loan secured by land and building. Requires monthly payments of \$5,737 including principal and interest. Matures in September 2024.	698,050	732,690
Notes payable	\$ 698,050	\$ 787,690

Future minimum principal payments on notes payable are as follows:

2021	\$ 37,505
2022	39,271
2023	41,120
2024	580,154
Notes payable	\$ 698,050

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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 \$11,742 at December 31, 2020.

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

2021		\$	9,785
2022			9,785
2023			<u>4,077</u>
Capital lease obligation		\$	<u>23,647</u>

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

NOTE 9—LINES OF CREDIT

The Alliance has an unsecured line of credit established for \$250,000 at the Prime Rate of interest that matures on February 1, 2022. At December 31, 2020 and 2019 the Alliance had an outstanding balance on this line of credit of \$215,000 and \$0. The Alliance has a second unsecured line of credit established for \$35,000 at the Prime Rate of interest that matures on September 17, 2021. At December 31, 2020 and 2019, 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, 2020 and 2019, the Alliance's cash balances were in excess of FDIC insured limits by approximately \$377,000 and \$283,000. 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, 2020 and 2019

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, 2020 and 2019 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 \$68,215 and \$47,167 and at December 31, 2020 and 2019. No amounts have been expended from the endowments’ inceptions through December 31, 2020.

Composition of and changes in donor-designated endowment net assets for the years ended December 31, 2020 and 2019 were as follows:

	Property Monitoring	Trails	Totals
Balance December 31, 2018	\$ 164,603	\$ 2,500	\$ 167,103
Contributions	5,000	-	5,000
Investment return	23,949	-	23,949
Balance December 31, 2019	193,552	2,500	196,052
Investment return	21,048	-	21,048
Balance December 31, 2020	<u>\$ 214,600</u>	<u>\$ 2,500</u>	<u>\$ 217,100</u>

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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, 2020 and 2019 were as follows:

	2020	2019
Beginning balance	\$ 198,222	\$ 165,150
Unrestricted contributions	23,200	-
Investment return	24,079	33,072
Ending balance	\$ 245,501	\$ 198,222

Substantially all of the board-designated endowment net assets held at the Alliance at December 31, 2020 and 2019 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.

Composition of and changes in endowment net assets held at the Greater Milwaukee Foundation for the years ended December 31, 2020 and 2019, were as follows:

	Beneficial Interest in Assets Held by Greater Milwaukee Foundation	
	2020	2019
Beginning balance	\$ 111,628	\$ 98,632
Change in value of the beneficial interest including the change in net assets	14,378	12,996
Ending balance	\$ 126,006	\$ 111,628

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NOTE 12—BOARD-DESIGNATED ENDOWMENTS (continued)

Composition of and changes in endowment net assets held at the Madison Community Foundation for the years ended December 31, 2020 and 2019, were as follows:

	Beneficial Interest in Assets Held by Madison Community Foundation	
	2020	2019
Beginning balance	\$ 20,148	\$ 16,602
Change in value of the beneficial interest including the change in net assets	1,837	3,546
Ending balance	\$ 21,985	\$ 20,148

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:

	2020	2019
Cash	\$ 780,026	\$ 639,443
Certificates of deposit	35,521	44,571
Unconditional promises to give	160,290	175,000
Accounts receivable	83,652	41,328
Investments	1,562,060	592,711
Less: those unavailable for general expenditures within one year, due to:		
Swamplovers trust investments	(859,733)	-
Endowment funds included in investments	(462,601)	(342,108)
Designations for specific purposes	(253,182)	(255,256)
Contractual or donor-imposed restrictions:		
Restricted by donors with purpose restrictions	(503,822)	(456,983)
Restricted by the passage of time, beyond the upcoming twelve months	(100,000)	(100,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 442,211	\$ 338,706

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.

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NOTE 14—NET ASSETS

Net assets without donor restrictions at December 31, 2020 and 2019 were designated as follows:

	2020	2019
Designated for endowments	\$ 393,492	\$ 329,999
Designated for chapters	118,509	126,583
Designated for Legal Defense Fund	88,250	82,250
Designated for Lodi Area Fund	46,423	46,423
Designated for Swamplovers trust	16,742	-
Invested in conservation land	1,359,168	1,357,058
Invested in property and equipment, net of liabilities	528,788	318,569
Undesignated	433,239	234,581
Total net assets without donor restrictions	\$ 2,984,611	\$ 2,495,463

Net assets with donor restrictions at December 31, 2020 and 2019 were restricted as follows:

	2020	2019
Restricted for specified purposes:		
Land	\$ 5,409,647	\$ 6,498,111
Swamplovers trust	842,991	-
Land acquisition	151,554	138,565
Trail activities	150,138	25,600
Property monitoring	68,215	47,167
Outreach	63,750	90,000
Land stewardship	49,415	134,901
Legal defense fund	20,750	20,750
	6,756,460	6,955,094
Restricted for the passage of time:		
Subsequent years' activities	130,290	150,000
Permanently restricted endowments:		
Investment in perpetuity. The investment return is expendable to support property monitoring.	146,385	146,385
Investment in perpetuity. The investment return is expendable to support trail enhancements.	2,500	2,500
	148,885	148,885
Total net assets with donor restrictions	\$ 7,035,635	\$ 7,253,979

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NOTE 15—FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2020 and 2019 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>
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>
2019			
Investments			
Mutual funds	\$ 592,711	\$ 592,711	\$ -
Beneficial interest in assets held by Greater Milwaukee Foundation	111,628	-	111,628
Beneficial interest in assets held by Madison Community Foundation	20,148	-	20,148
Fair value measurements	<u>\$ 704,339</u>	<u>\$ 592,711</u>	<u>\$ 131,776</u>

Fair values for mutual funds, equities, 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.
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NOTE 15—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 2020 and 2019 using significant unobservable inputs:

	Beneficial Interest in Assets Held by Greater Milwaukee Foundation	
	2020	2019
Beginning balance	\$ 111,628	\$ 98,632
Change in value of the beneficial interest included in the change in net assets	14,378	12,996
Ending balance	\$ 126,006	\$ 111,628
	Beneficial Interest in Assets Held by Madison Community Foundation	
	2020	2019
Beginning balance	\$ 20,148	\$ 16,602
Change in value of the beneficial interest including the change in net assets	1,837	3,546
Ending balance	\$ 21,985	\$ 20,148

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

NOTE 16—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 2020 and 2019 totaled \$18,966 and \$19,871.

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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 2020 and 2019 was as follows:

	2020	2019
Donated services		
Publicity and promotion	\$ 32,500	\$ 34,085
Legal	62,000	15,191
Donated conservation lands	600,000	152,975
Donated equipment	138,500	-
In-kind contributions	\$ 833,000	\$ 202,251

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. Donated services for 2019 were allocated as follows: \$15,191 to the lands program, \$30,969 to the outreach program, and \$3,116 to fundraising.

NOTE 18—PAYCHECK PROTECTION PROGRAM AWARD

On April 17, 2020, the Alliance received a \$147,500 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The Alliance accounts for funds received under the PPP as a grant conditioned upon the organization incurring qualifying expenses. Prior to December 31, 2020, the Alliance incurred \$147,500 of qualifying expenses, recognized the grant assistance, and applied for forgiveness. On January 6, 2021, the SBA preliminarily approved forgiveness of the loan.

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.

Subsequent to year end, the Alliance received a second loan under the Paycheck Protection Program in the amount of \$147,500 on February 8, 2021. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. The Alliance expects to meet the PPP's eligibility criteria and believes the loan is, in substance, a grant that is expected to be forgiven.

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NOTE 19—RISKS AND UNCERTAINTIES

With the COVID-19 pandemic that escalated in March 2020 still ongoing as of July 2, 2021, it could still potentially impact the Alliance's operations and its donor base. The extent to which the pandemic impacts the Alliance's financial condition will depend on future developments, which are highly uncertain and cannot be reasonably estimated at this time.