

ICE AGE TRAIL ALLIANCE, INC.

FINANCIAL STATEMENTS

December 31, 2019 and 2018

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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, 2019 and 2018, 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.

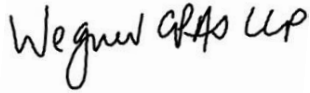
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019 and 2018, 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.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, Ice Age Trail Alliance, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, flowing style.

Wegner CPAs, LLP
Madison, Wisconsin
July 3, 2020

ICE AGE TRAIL ALLIANCE, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

| | 2019 | 2018 |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash | \$ 639,443 | \$ 429,075 |
| Certificates of deposit | 44,571 | 28,703 |
| Unconditional promises to give | 175,000 | 190,000 |
| Accounts receivable | 41,328 | 74,773 |
| Prepaid expenses | 17,817 | 11,659 |
| Inventory | - | 13,356 |
| Investments | 592,711 | 490,886 |
| Membership interests in limited liability companies | 590,668 | 579,678 |
| Beneficial interest in assets held by Greater Milwaukee Foundation | 111,628 | 98,632 |
| Beneficial interest in assets held by Madison Community Foundation | 20,148 | 16,602 |
| Property and equipment - net | 1,219,062 | 1,139,791 |
| Conservation lands - net | 7,186,812 | 7,281,660 |
| Total assets | \$ 10,639,188 | \$ 10,354,815 |
| LIABILITIES | | |
| Accounts payable | \$ 24,450 | \$ 30,677 |
| Accrued expenses | 42,492 | 63,419 |
| Lines of credit | - | 101,252 |
| Capital lease obligation | 35,114 | - |
| Notes payable | 787,690 | 886,596 |
| Total liabilities | 889,746 | 1,081,944 |
| NET ASSETS | | |
| Without donor restrictions | 2,495,463 | 2,279,839 |
| With donor restrictions | 7,253,979 | 6,993,032 |
| Total net assets | 9,749,442 | 9,272,871 |
| Total liabilities and net assets | \$ 10,639,188 | \$ 10,354,815 |

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

| | 2019 | 2018 |
|--|---------------------|---------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| OPERATING REVENUES | | |
| Contributions | \$ 1,121,116 | \$ 822,683 |
| Grants | 274,727 | 409,400 |
| Merchandise sales | 85,754 | 90,593 |
| Chapters | 42,471 | 39,934 |
| Special events | 60,538 | 63,102 |
| Rent | 4,400 | 3,750 |
| Other | 25,647 | 18,582 |
| Total operating revenues without donor restrictions | 1,614,653 | 1,448,044 |
| OPERATING EXPENSES | | |
| Program services | | |
| Lands | 305,942 | 428,755 |
| Trails | 553,485 | 421,773 |
| Outreach | 605,841 | 573,961 |
| Total program services | 1,465,268 | 1,424,489 |
| Supporting activities | | |
| Management and general | 207,156 | 171,708 |
| Fundraising | 151,585 | 116,755 |
| Total operating expenses | 1,824,009 | 1,712,952 |
| NET ASSETS RELEASED FROM RESTRICTIONS | | |
| Satisfaction of purpose restrictions | 80,000 | 172,848 |
| Expiration of time restrictions | - | 52,000 |
| Net operating loss | (129,356) | (40,060) |
| OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| Investment return | 70,471 | (10,697) |
| Return from beneficial interests in foundations | 16,542 | (2,277) |
| Gain on sale of conservation lands | 106,167 | - |
| Support for land acquisition and improvements | 151,800 | 197,056 |
| Disposition of land | - | (158,056) |
| Change in net assets without donor restrictions | 215,624 | (14,034) |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS | | |
| Grants and contributions | 306,008 | 441,729 |
| Investment return | 23,949 | (3,456) |
| Change in value of membership interests in limited liability companies | 10,990 | 11,313 |
| Net assets released from restrictions | | |
| Satisfaction of purpose restrictions | (80,000) | (172,848) |
| Expiration of time restrictions | - | (52,000) |
| Change in net assets with donor restrictions | 260,947 | 224,738 |
| Change in net assets | 476,571 | 210,704 |
| Net assets at beginning of year | 9,272,871 | 9,062,167 |
| Net assets at end of year | \$ 9,749,442 | \$ 9,272,871 |

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 |
| Trail maintenance/mobile skills | - | 137,220 | - | - | - | 137,220 |
| Annual meeting | - | 11,063 | 103,939 | - | 6,259 | 121,261 |
| 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 |
| Printing and newsletter | 2,373 | 7,911 | 44,398 | 1,659 | 1,795 | 58,136 |
| Depreciation | 8,696 | 17,452 | 17,695 | 6,080 | 6,576 | 56,499 |
| Travel | 8,600 | 17,342 | 17,501 | 6,013 | 6,504 | 55,960 |
| Interest | 3,063 | - | - | 39,928 | - | 42,991 |
| Dues and subscriptions | 5,567 | 12,719 | 11,329 | 3,892 | 4,210 | 37,717 |
| Insurance | 5,010 | 10,054 | 10,194 | 3,503 | 3,789 | 32,550 |
| Office and supplies | 3,777 | 7,580 | 7,686 | 2,641 | 2,856 | 24,540 |
| Merchandise | - | - | 24,233 | - | - | 24,233 |
| Postage and shipping | 3,321 | 8,124 | 6,758 | 2,322 | 2,167 | 22,692 |
| 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.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

| | Program Services | | | Supporting Activities | | Total |
|---------------------------------|-------------------|-------------------|-------------------|---------------------------|-------------------|---------------------|
| | Lands | Trails | Outreach | Management and General | Fundraising | |
| Personnel | \$ 147,507 | \$ 220,303 | \$ 297,667 | \$ 83,549 | \$ 86,318 | \$ 835,344 |
| Trail maintenance/mobile skills | - | 100,761 | - | - | - | 100,761 |
| Annual meeting | - | 10,661 | 79,492 | - | 3,498 | 93,651 |
| Land acquisition and management | 208,385 | 24,541 | - | - | - | 232,926 |
| Professional services | 24,034 | 1,192 | 57,957 | 19,884 | 2,789 | 105,856 |
| Printing and newsletter | 2,895 | 8,094 | 33,182 | 1,640 | 3,210 | 49,021 |
| Depreciation | 7,525 | 11,239 | 15,186 | 4,262 | 4,404 | 42,616 |
| Travel | 8,726 | 13,331 | 17,465 | 4,902 | 4,993 | 49,417 |
| Interest | 245 | - | - | 29,984 | - | 30,229 |
| Dues and subscriptions | 3,231 | 4,825 | 6,520 | 1,830 | 1,891 | 18,297 |
| Insurance | 4,414 | 6,592 | 8,907 | 2,500 | 2,583 | 24,996 |
| Office and supplies | 3,128 | 4,672 | 6,313 | 1,772 | 1,831 | 17,716 |
| Merchandise | - | - | 31,162 | - | - | 31,162 |
| Postage and shipping | 2,827 | 4,223 | 5,705 | 1,601 | 1,654 | 16,010 |
| Telephone | 2,603 | 3,888 | 5,253 | 1,474 | 1,523 | 14,741 |
| Rent and utilities | 1,557 | 2,326 | 3,142 | 882 | 911 | 8,818 |
| Conferences and training | 1,965 | 5,125 | 3,965 | 1,113 | 1,150 | 13,318 |
| Property taxes | 9,713 | - | - | - | - | 9,713 |
| Other | - | - | 2,045 | 16,315 | - | 18,360 |
| Total expenses | \$ 428,755 | \$ 421,773 | \$ 573,961 | \$ 171,708 | \$ 116,755 | \$ 1,712,952 |

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

| | 2019 | 2018 |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 476,571 | \$ 210,704 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 56,499 | 42,616 |
| Change in value of membership interests in limited liability companies | (10,990) | (11,313) |
| Realized and unrealized (gains) losses on investments | (89,823) | 24,795 |
| Investment return retained in beneficial interests in foundations | (16,542) | 2,277 |
| Donated conservation lands | (152,975) | - |
| Gain on sale of conservation lands | (106,167) | - |
| (Increase) decrease in assets | | |
| Unconditional promises to give | 15,000 | 10,000 |
| Accounts receivable | 33,445 | 37,214 |
| Prepaid expenses | (6,158) | (2,234) |
| Inventory | 13,356 | (5,521) |
| Increase (decrease) in liabilities | | |
| Accounts payable | (6,227) | 14,932 |
| Accrued expenses | (18,114) | 10,695 |
| Net cash provided by operating activities | 187,875 | 334,165 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of and interest retained in certificates of deposit | (36,956) | (14,795) |
| Redemptions of certificates of deposit | 21,088 | 7,759 |
| Interest and dividends retained in investments | (12,002) | (10,631) |
| Purchases of property and equipment | (96,630) | (148,163) |
| Purchases of conservation lands | (63,776) | (2,964) |
| Proceeds from sale of conservation lands | 414,953 | - |
| Net cash provided by (used in) investing activities | 226,677 | (168,794) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments on lines of credit | (101,252) | (99,000) |
| Payments on capital lease obligation | (4,026) | - |
| Proceeds from notes payable | 765,307 | 100,000 |
| Payments on notes payable | (864,213) | (19,403) |
| Net cash used in financing activities | (204,184) | (18,403) |
| Change in cash | 210,368 | 146,968 |
| Cash at beginning of year | 429,075 | 282,107 |
| Cash at end of year | \$ 639,443 | \$ 429,075 |
| SUPPLEMENTAL DISCLOSURES | | |
| Cash paid for interest | \$ 42,991 | \$ 30,229 |
| Noncash investing and financing activities | | |
| Property and equipment financed by notes payable | - | 285,952 |
| Equipment financed through capital lease obligation | 39,140 | - |

See accompanying notes.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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, 2019 and 2018, 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 with readily determinable fair values and investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

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, 2019 and 2018

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, 2019 and 2018

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 in 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.

Adoption of New Accounting Guidance

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Alliance adopted the requirements of the new guidance as of January 1, 2019, using the modified retrospective method of transition. In applying the new guidance, the Alliance elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

The majority of the Alliance’s revenue is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Alliance’s contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on the Alliance’s financial statements. The majority of the Alliance’s revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Alliance’s evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

Also, on June 21, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. The Alliance adopted the requirements of the ASU as of January 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date. As a result, most government grants accounted for as exchange transactions under previous guidance are now accounted for as conditional contributions.

Date of Management’s Review

Management has evaluated subsequent events through July 3, 2020, the date which the financial statements were available to be issued.

NOTE 2—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2019 and 2018 were as follows:

| | 2019 | 2018 |
|--------------------------------|------------|------------|
| Special projects | \$ 25,000 | \$ 40,000 |
| General operations support | 150,000 | 150,000 |
| Unconditional promises to give | \$ 175,000 | \$ 190,000 |

\$75,000 of unconditional promises to give at December 31, 2019 are due within one year, and \$100,000 are due in one to five years.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 3—INVESTMENTS

Investments at December 31, 2019 and 2018 consisted of mutual funds.

Unrestricted investment return for 2019 and 2018 consisted of the following:

| | 2019 | 2018 |
|--------------------------------|-----------|-------------|
| Interest and dividends | \$ 21,139 | \$ 10,642 |
| Realized and unrealized gains | 49,332 | (21,339) |
| Unrestricted investment return | \$ 70,471 | \$ (10,697) |

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, 2019 and 2018 was \$590,668 and \$579,678. 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, 2019 and 2018 consisted of the following:

| | 2019 | 2018 |
|-------------------------------|--------------|--------------|
| Land | \$ 77,690 | \$ 77,690 |
| Building | 1,107,199 | 1,080,788 |
| Equipment | 339,491 | 232,652 |
| Furniture and fixtures | 158,195 | 155,676 |
| Property and equipment | 1,682,575 | 1,546,806 |
| Less accumulated depreciation | 463,513 | 407,015 |
| Property and equipment - net | \$ 1,219,062 | \$ 1,139,791 |

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 6—CONSERVATION LANDS

Conservation lands at December 31, 2019 and 2018 consisted of the following:

| | 2019 | 2018 |
|-------------------------------|--------------|--------------|
| Land | \$ 1,279,368 | \$ 1,437,993 |
| Land with use restrictions | 5,907,444 | 5,843,667 |
| Land improvements | 54,171 | 54,171 |
| Conservation lands | 7,240,983 | 7,335,831 |
| Less accumulated depreciation | 54,171 | 54,171 |
| Conservation lands - net | \$ 7,186,812 | \$ 7,281,660 |

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, 2019 and 2018 consisted of the following:

| | 2019 | 2018 |
|---|------------|------------|
| 2% note to a member of the Alliance's board of directors, secured by all assets of the organization. Paid in September 2019. | \$ - | \$ 100,000 |
| 4.95% note secured by land and building. Required monthly payments of \$3,624 including principal and interest. Paid in September 2019. | - | 445,644 |
| 4.95% construction loan for the Alliance's administration building. Secured by the property. No monthly payments required during construction period. Paid in September 2019. | - | 285,952 |
| 3% note to a former member of the Alliance's board of directors, secured by equipment. No principal payments required until maturity. Matures in March 2022. | 55,000 | 55,000 |
| 4.61% loan secured by land and building. Requires monthly payments of \$5,737 including principal and interest. Matures in September 2024. | 732,690 | - |
| Notes payable | \$ 787,690 | \$ 886,596 |

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 7—NOTES PAYABLE (continued)

Future minimum principal payments on notes payable are as follows:

| | |
|---------------|-------------------|
| 2020 | \$ 35,818 |
| 2021 | 37,505 |
| 2022 | 94,365 |
| 2023 | 41,120 |
| 2024 | <u>578,882</u> |
| Notes payable | <u>\$ 787,690</u> |

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 \$3,914 at December 31, 2019.

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

| | |
|------------------------------|------------------|
| 2020 | \$ 10,131 |
| 2021 | 10,131 |
| 2022 | 10,131 |
| 2023 | 10,131 |
| 2024 | <u>2,533</u> |
| Total lease payments | 43,057 |
| Amount representing interest | <u>(7,943)</u> |
| Capital lease obligation | <u>\$ 35,114</u> |

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, 2021. At December 31, 2019 and 2018 the Alliance had an outstanding balance on this line of credit of \$0 and \$101,252. The Alliance has a second unsecured line of credit established for \$35,000 at the Prime Rate of interest that matures on September 17, 2020. At December 31, 2019 and 2018, the Alliance had no outstanding balance on this line of credit.

NOTE 10—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 2019 and 2018 totaled \$19,871 and \$17,855.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 11—CONCENTRATION OF CREDIT RISK

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, 2019 and 2018, the Alliance's cash balances were in excess of FDIC insured limits by approximately \$283,000 and \$105,000. Management believes the Alliance is not exposed to any significant concentration of credit risk arising from cash deposits in excess of insured limits.

NOTE 12—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. 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, 2019 and 2018 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 \$47,167 and \$23,218 and at December 31, 2019 and 2018. No amounts have been expended from the endowments' inceptions through December 31, 2019.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12—DONOR-DESIGNATED ENDOWMENTS (continued)

Composition of and changes in donor-designated endowment net assets for the years ended December 31, 2019 and 2018 were as follows:

| | Property Monitoring | Trails | Totals |
|---------------------------|------------------------|-----------------|-------------------|
| Balance December 31, 2017 | \$ 168,059 | \$ 2,500 | \$ 170,559 |
| Investment return | (3,456) | - | (3,456) |
| 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 | <u>\$ 193,552</u> | <u>\$ 2,500</u> | <u>\$ 196,052</u> |

NOTE 13—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, 2019 and 2018 were as follows:

| | 2019 | 2018 |
|-------------------|-------------------|-------------------|
| Beginning balance | \$ 165,150 | \$ 168,565 |
| Investment return | 33,072 | (3,415) |
| Ending balance | <u>\$ 198,222</u> | <u>\$ 165,150</u> |

Substantially all of the board-designated endowment net assets held at the Alliance at December 31, 2019 and 2018 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.

ICE AGE TRAIL ALLIANCE, INC.
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NOTE 13—BOARD-DESIGNATED ENDOWMENTS (continued)

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, 2019 and 2018, were as follows:

| | Beneficial Interest in Assets Held by Greater Milwaukee Foundation | |
|--|--|------------|
| | 2019 | 2018 |
| Beginning balance | \$ 98,632 | \$ 100,619 |
| Change in value of the beneficial interest including the change in net assets | 12,996 | (1,987) |
| Ending balance | \$ 111,628 | \$ 98,632 |

Composition of and changes in endowment net assets held at the Madison Community Foundation for the years ended December 31, 2019 and 2018, were as follows:

| | Beneficial Interest in Assets Held by Madison Community Foundation | |
|--|--|-----------|
| | 2019 | 2018 |
| Beginning balance | \$ 16,602 | \$ 16,892 |
| Change in value of the beneficial interest including the change in net assets | 3,546 | (290) |
| Ending balance | \$ 20,148 | \$ 16,602 |

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 14—NET ASSETS

Net assets without donor restrictions at December 31, 2019 and 2018 were designated as follows:

| | <u>2019</u> | <u>2018</u> |
|--|----------------------------|----------------------------|
| Designated for endowments | \$ 329,999 | \$ 280,384 |
| Designated for Legal Defense Fund | 82,250 | 82,250 |
| Designated for Lodi Area Fund | 46,423 | 46,423 |
| Designated for chapters | 126,583 | 132,303 |
| Invested in conservation land | 1,357,058 | 1,515,683 |
| Invested in property and equipment, net of liabilities | 318,569 | 275,506 |
| Undesignated | <u>234,581</u> | <u>(52,710)</u> |
| Total net assets without donor restrictions | <u><u>\$ 2,495,463</u></u> | <u><u>\$ 2,279,839</u></u> |

Net assets with donor restrictions at December 31, 2019 and 2018 were restricted as follows:

| | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| Restricted for specified purposes: | | |
| Land | \$ 6,498,111 | \$ 6,320,780 |
| Land acquisition | 138,565 | 166,759 |
| Land stewardship | 134,901 | 49,415 |
| Outreach | 90,000 | 62,625 |
| Property monitoring | 47,167 | 23,218 |
| Trail activities | 25,600 | 55,600 |
| Legal defense fund | <u>20,750</u> | <u>20,750</u> |
| | 6,955,094 | 6,699,147 |
| Restricted for the passage of time: | | |
| Subsequent years' activities | 150,000 | 150,000 |
| Permanently restricted endowments: | | |
| Investment in perpetuity. The investment return is expendable to support property monitoring. | 146,385 | 141,385 |
| Investment in perpetuity. The investment return is expendable to support trail enhancements. | <u>2,500</u> | <u>2,500</u> |
| | <u>148,885</u> | <u>143,885</u> |
| Total net assets with donor restrictions | <u><u>\$ 7,253,979</u></u> | <u><u>\$ 6,993,032</u></u> |

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 15—LIQUIDITY AND AVAILABILITY

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

| | 2019 | 2018 |
|--|------------|------------|
| Cash | \$ 639,443 | \$ 429,075 |
| Certificates of deposit | 44,571 | 28,703 |
| Unconditional promises to give | 175,000 | 190,000 |
| Accounts receivable | 41,328 | 74,773 |
| Investments | 592,711 | 490,886 |
| Less: those unavailable for general expenditures within one year, due to: | | |
| Endowment funds included in investments | (342,108) | (332,253) |
| Designations for specific purposes | (255,256) | (260,976) |
| Contractual or donor-imposed restrictions: | | |
| Restricted by donors with purpose restrictions | (456,983) | (211,608) |
| 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 | \$ 338,706 | \$ 308,600 |

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 16—FAIR VALUE MEASUREMENTS

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.

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 16—FAIR VALUE MEASUREMENTS (continued)

Fair values of assets measured on a recurring basis at December 31, 2019 and 2018 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> |
|--|-------------------|---|--|
| 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>\$ 724,487</u> | <u>\$ 592,711</u> | <u>\$ 131,776</u> |
| 2018 | | | |
| Investments | | | |
| Mutual funds | \$ 490,886 | \$ 490,886 | \$ - |
| Beneficial interest in assets held by Greater Milwaukee Foundation | 98,632 | - | 98,632 |
| Beneficial interest in assets held by Madison Community Foundation | 16,602 | - | 16,602 |
| Fair value measurements | <u>\$ 589,518</u> | <u>\$ 490,886</u> | <u>\$ 115,234</u> |

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

ICE AGE TRAIL ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 16—FAIR VALUE MEASUREMENTS (continued)

The following table presents additional information about assets measured at fair value on a recurring basis in 2019 and 2018 using significant unobservable inputs:

| | Beneficial Interest in Assets Held by Greater Milwaukee Foundation | |
|--|--|------------|
| | 2019 | 2018 |
| Beginning balance | \$ 98,632 | \$ 100,619 |
| Change in value of the beneficial interest included in the change in net assets | 12,996 | (1,987) |
| Ending balance | \$ 111,628 | \$ 98,632 |
| | Beneficial Interest in Assets Held by Madison Community Foundation | |
| | 2019 | 2018 |
| Beginning balance | \$ 16,602 | \$ 16,892 |
| Change in value of the beneficial interest including the change in net assets | 3,546 | (290) |
| Ending balance | \$ 20,148 | \$ 16,602 |

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

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 2019 and 2018 was as follows:

| | 2019 | 2018 |
|----------------------------|------------|-----------|
| Donated services | | |
| Publicity and promotion | \$ 34,085 | \$ 29,452 |
| Legal | 15,191 | 23,236 |
| Donated conservation lands | 152,975 | - |
| In-kind contributions | \$ 202,251 | \$ 52,688 |

ICE AGE TRAIL ALLIANCE, INC.
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NOTE 17—IN-KIND CONTRIBUTIONS (continued)

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. All donated services for 2018 were allocated to the lands program.

NOTE 18—SUBSEQUENT EVENT

The Alliance's operations may be affected by the recent and ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on the Alliance is uncertain; however, it may result in a material adverse impact on the Alliance's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to the Alliance's donors and revenues and a decline in value of assets held. To address these concerns, management has adjusted its operational plan and made significant modifications to its annual budget.