



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants



**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

For the Years Ended December 31, 2015 and 2014

Quality service through our commitment to clients and staff.

www.johnsonblock.com

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
(A Wisconsin Non-Profit Organization)

Table of Contents

December 31, 2015 and 2014

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	
FINANCIAL STATEMENTS	
Statements of Financial Position.....	1
Statements of Activities	2
Statements of Cash Flows.....	3
Notes to Financial Statements.....	4



Certified Public Accountants

406 Science Drive, Suite 100 ▲ Madison, Wisconsin 53711-1097 ▲ TEL 608-274-2002 ▲ FAX 608-274-4320

INDEPENDENT AUDITOR'S REPORT

June 27, 2016

Board of Directors
Natural Resources Foundation of Wisconsin, Inc.
Madison, Wisconsin

We have audited the accompanying financial statements of Natural Resources Foundation of Wisconsin, Inc. (a Wisconsin non-profit organization), which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit 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 of 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 Natural Resources Foundation of Wisconsin, Inc. as of December 31, 2015 and 2014 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Madison, Wisconsin

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
Madison, Wisconsin

STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

<u>ASSETS</u>		
<u>Current Assets</u>	2015	2014
Cash and cash equivalents	\$ 689,366	\$ 1,253,028
Accounts receivable	21,027	18,776
Unconditional promises to give	26,213	30,131
Prepaid expenses	35,894	18,447
Total Current Assets	772,500	1,320,382
 <u>Fixed Assets</u>		
Furniture and equipment	14,741	14,741
Less accumulated depreciation	(13,970)	(12,425)
Net Fixed Assets	771	2,316
 <u>Noncurrent Assets</u>		
Investments	5,111,782	4,212,443
Cash and investments held in escrow accounts	5,023,227	5,093,664
Total Noncurrent Assets	10,135,009	9,306,107
TOTAL ASSETS	\$ 10,908,280	\$ 10,628,805
 <u>LIABILITIES AND NET ASSETS</u>		
 <u>Current Liabilities</u>		
Accounts payable	\$ 4,957	\$ 27,488
Accrued expenses	5,312	6,681
Grants payable - due in less than one year	13,836	3,252
Funds held for others as escrow accounts	5,023,227	5,093,664
Funds held for others as agency endowments	935,751	929,525
Total Current Liabilities	5,983,083	6,060,610
 <u>Long-term Liabilities</u>		
Grants payable - due in more than one year	148,193	172,612
Total Long-term Liabilities	148,193	172,612
 <u>Net Assets</u>		
Unrestricted	117,251	284,100
Temporarily restricted	596,680	745,981
Permanently restricted	4,063,073	3,365,502
Total Net Assets	4,777,004	4,395,583
TOTAL LIABILITIES AND NET ASSETS	\$ 10,908,280	\$ 10,628,805

The accompanying notes are an integral part of the financial statements.

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
Madison, Wisconsin

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support								
Contributions	\$ 494,916	\$ 122,812	\$ 697,571	\$ 1,315,299	\$ 549,156	\$ 101,469	\$ 771,987	\$ 1,422,612
Fees for services	106,931	-	-	106,931	80,978	-	-	80,978
Other	3,312	-	-	3,312	1,004	-	-	1,004
Investment income (loss)	-	(45,339)	-	(45,339)	165,690	42,752	-	208,442
Net assets released from restrictions	226,774	(226,774)	-	-	79,891	(79,891)	-	-
Total Revenues and Other Support	831,933	(149,301)	697,571	1,380,203	876,719	64,330	771,987	1,713,036
Expenses								
Program services:								
Education and outreach	217,033	-	-	217,033	151,220	-	-	151,220
Rare and endangered species	99,608	-	-	99,608	114,414	-	-	114,414
State natural areas and public lands	82,804	-	-	82,804	42,465	-	-	42,465
Sustainable support and endowments	208,303	-	-	208,303	172,569	-	-	172,569
Management and general	265,587	-	-	265,587	257,305	-	-	257,305
Fundraising	125,447	-	-	125,447	126,522	-	-	126,522
Total Expenses	998,782	-	-	998,782	864,495	-	-	864,495
Change in Net Assets	(166,849)	(149,301)	697,571	381,421	12,224	64,330	771,987	848,541
Transfers								
Transfer to temporarily restricted net assets	-	-	-	-	(80,116)	80,116	-	-
Transfer to permanently restricted net assets	-	-	-	-	(2,410)	(20,000)	22,410	-
Total Transfers	-	-	-	-	(82,526)	60,116	22,410	-
Total Change in Net Assets	(166,849)	(149,301)	697,571	381,421	(70,302)	124,446	794,397	848,541
Net Assets - Beginning of Year	284,100	745,981	3,365,502	4,395,583	354,402	621,535	2,571,105	3,547,042
Net Assets - End of Year	\$ 117,251	\$ 596,680	\$ 4,063,073	\$ 4,777,004	\$ 284,100	\$ 745,981	\$ 3,365,502	\$ 4,395,583

The accompanying notes are an integral part of the financial statements.

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
Madison, Wisconsin

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	2015	2014
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 381,421	\$ 848,541
Adjustments to reconcile change in net assets to net cash (provided by) operating activities:		
Contributions restricted for permanent endowments	(697,571)	(771,987)
Donated investments	(73,827)	(73,832)
Depreciation	1,544	1,544
Unrealized and realized (gain) loss on investments	131,872	(144,134)
Changes in operating assets and liabilities:		
Accounts receivable	(2,251)	1,489
Unconditional promises to give	3,918	40,517
Prepaid expenses	(17,447)	(10,766)
Accounts payable	(22,531)	18,759
Accrued expenses	(1,369)	(5,066)
Grants payable	(13,835)	(208,091)
Funds held for others as agency endowments	6,226	68,796
Net cash provided (used) by operating activities	(303,850)	(234,230)
<u>Cash Flows from Investing Activities</u>		
Proceeds from sale of donated investments	73,827	73,832
Proceeds from sales of investments	217,560	272,446
Purchases of investments	(1,248,770)	(494,681)
Net cash provided (used) by investing activities	(957,383)	(148,403)
<u>Cash Flows from Financing Activities</u>		
Proceeds from contributions restricted for investment in permanent endowment	697,571	771,987
Net (decrease) increase in cash	(563,662)	389,354
Cash at beginning of year	1,253,028	863,674
Cash at end of year	\$ 689,366	\$ 1,253,028

The accompanying notes are an integral part of the financial statements.

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

1. Summary of Significant Accounting Policies

A. Nature of Organization

Natural Resources Foundation of Wisconsin, Inc. (“Foundation”) is mainly supported by contributions and creates opportunities for individuals and organizations that care about the conservation of Wisconsin’s lands, waters and wildlife to:

- Deepen their understanding and appreciation of these natural resources
- Support state and local conservation programs
- Establish conservation endowments

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Financial Statement Presentation

The financial statements are presented in accordance with professional standards, which require the Foundation to report information regarding its financial position and activities according to three classes of net assets:

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

Temporarily Restricted Net Assets - Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions. Unless restricted by the donor, income earned on assets that are subject to donor-imposed temporary restrictions is considered unrestricted.

Permanently Restricted Net Assets - Net assets that have been restricted by donors to be maintained by the Foundation in perpetuity.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Income Taxes

The Foundation is a nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and Wisconsin franchise or income tax.

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

1. Summary of Significant Accounting Policies (Continued)

E. Income Taxes (Continued)

The Foundation follows the statutory requirements for their income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Foundation's tax-exempt status would not have a material effect on the accompanying financial statements.

The Foundation's federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Foundation is no longer subject to such examinations for years before 2012.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

G. Accounts Receivable

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

H. Promises to Give

Unconditional promise to give are recognized as support or gains in the period received and as assets, decreases in 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. All unconditional promises to give at December 31, 2015 are receivable in less than one year.

I. Property and Equipment

Property and equipment purchases that are greater than \$3,000 are capitalized at cost and depreciated over their useful life using the straight-line method.

J. Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market value in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

K. Grants Payable

Grants authorized but unpaid at year-end are reported as liabilities.

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

1. Summary of Significant Accounting Policies (Continued)

L. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

M. Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization.

N. Functional Allocation of Expenses

The costs of providing the various programs of the Foundation have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. The Foundation's major program services are as follows:

Education and Outreach – The Foundation provides educational, philanthropic, and recreational opportunities that build relationships between people and nature. The Foundation also supports education programs that help people discover the great outdoors and learn what they can do to protect Wisconsin's diverse and beautiful natural treasures. The Foundation's priorities include the Field Trip Program, which has existed for 20 years; this program has gotten more than 30,000 people outdoors with experts to see plants and animals up close, help scientists with their research, and form deep connections with Wisconsin's lands, waters, and wildlife. Another priority is the C.D. Besadny Conservation Grant Program, which promotes the responsible stewardship of Wisconsin's natural resources projects and programs. The Besadny program has contributed more than \$447,000 to 563 projects; covering every county in Wisconsin. Finally, the Foundation provides small grants through the Teachers' Outdoors Environmental Education Fund, which supports public and private organizations, including schools and governments.

Rare and Endangered Species – The Natural Resources Foundation of Wisconsin provides funding for priority conservation projects for rare and endangered species as identified by the Wisconsin Department of Natural Resources. Currently, 417 of Wisconsin's native animals are considered "Species of Great Conversation Need" and many of them are the focus of the Foundation's work on rare and threatened wildlife. The Foundation mainly assists those species that are of high conservation importance, have recovery efforts involving public-private partnerships, and lack adequate funding for their conservation. Important priorities include Wisconsin's threatened birds and bats.

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

1. Summary of Significant Accounting Policies (Continued)

N. Functional Allocation of Expenses (Continued)

State Natural Areas and Public Lands – The Natural Resources Foundation of Wisconsin helps protect and manage State Natural Areas, which include many of the last remnants of Wisconsin’s native landscapes: our prairies, savannas, old-growth forests, marshes, and other ecosystems. These lands, and the plants and animals found in them, are the most crucial and vulnerable repositories of our state’s biological, geological, and archeological heritage. The Wisconsin Department of Natural Resources has designated 675 State Natural Areas, totaling more than 380,000 acres. Our Foundation supports land management activities and public outreach initiatives, focusing on sites that lie within areas designated by the “Wisconsin Land Legacy Report” and “Wisconsin Wildlife Action Plan.”

Sustainable Support and Endowments – The Natural Resources Foundation of Wisconsin created the Wisconsin Conservation Endowment (WCE) to serve as a “community foundation for conservation”. The WCE allows individual donors and non-profit organizations opportunities to build permanent and sustaining sources of private funding for conservation in the state. The Foundation manages the assets of more than 70 individual endowment funds and spend-down funds that support species protection, education, habitat management, and other conservation organizations. In addition, the Foundation manages the funds of escrow accounts under third-party custodial agreements for the purpose of natural area conservation.

O. Subsequent Events

Management has evaluated events through June 27, 2016, the date which the financial statements were available to be issued.

2. Equipment

Equipment consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 14,741	\$ 14,741
Less: Accumulated Depreciation	<u>13,969</u>	<u>12,425</u>
Equipment - Net	<u>\$ 772</u>	<u>\$ 2,316</u>

Depreciation expense was \$1,544 and \$1,544 for 2015 and 2014.

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

3. Investments

Investments consisted of the following at December 31, 2015 and 2014:

	2015	2014
Cash and money market	\$ 50,519	\$ 209,171
Mutual Funds	5,061,263	4,003,272
Total Investments	\$ 5,111,782	\$ 4,212,443
	2015	2014
Dividends and Interest	\$ 110,876	\$ 72,572
Realized and Unrealized Gain (Loss)	(174,697)	184,402
Investment return allocated to/from agency endowments	18,482	(48,532)
Total Investment Return	\$ (45,339)	\$ 208,442

4. Funds Held for Others

Funds held for others in escrow accounts consisted of the following at December 31, 2015 and 2014:

	2015	2014
Chippewa River Fish Protection Fund Escrow	\$ 4,597,706	\$ 4,627,171
Chippewa River Natural Resources Fund Escrow	127,277	201,126
Prairie du Sac Habitat Enhancement, Mitigation, Research, Study and Fish Passage Escrow	254,874	226,350
Grandmother Falls Fish Passage and/or Protection Escrow	43,370	39,017
Total Funds Held for Others as Escrow Accounts	\$ 5,023,227	\$ 5,093,664

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

4. Funds Held for Others (Continued)

Escrow account funds consisted of the following investments at December 31, 2015 and 2014:

	2015	2014
Cash and money market	\$ 551,301	\$ 703,612
Mutual Funds	2,594,911	2,362,608
Treasury Notes	1,478,206	1,369,101
Marketable certificates of deposit	398,809	597,207
Bonds	-	61,136
Cash and investments held in escrow accounts	\$ 5,023,227	\$ 5,093,664

Funds held for others as agency endowments consisted of the following at December 31, 2015 and 2014:

	2015	2014
Important Bird Areas Fund	\$ 11,607	\$ 12,513
Ozaukee Washington Land Trust Stewardship Fund	134,267	138,428
Dane County Conservation League Fund	48,515	52,531
DCCL Prairie Chicken Fund	52,758	57,028
Governor Dodge State Park Endowment Fund	35,581	30,599
Friends of Wyalusing State Park Endowment Fund	29,942	31,023
Cedar Grove Ornithological Research Station Fund	163,492	174,900
The River Alliance Steady Currents Fund	89,058	96,516
Friends of Wisconsin State Parks Fund	54,819	51,324
Friends of Kohler-Andrae Fund	26,614	27,286
Devil's Lake State Park Endowment	11,833	12,200
Friends of Pike Lake Endowment Fund	12,489	12,393
Friends of Dodge County Parks Endowment Fund	18,385	18,631
Friends of Brule River and Forest Conservation Fund	14,164	14,603
Botanical Club of Wisconsin Fund	12,496	12,884
Blue Mound State Park Endowment Fund	-	1,322
Friends of Horicon Marsh Intl Education Center Endowment Fund	24,402	24,531
Kettle Moraine Natural History Association Endowment Fund	22,238	20,782
Frank Hornberg Chapter - Trout Unlimited Fund	11,330	11,683
Bayfield Regional Conservancy Conservation Easement Stewardship Endowment Fund	81,204	72,972
Cedarburg Bog Stewardship Fund	40,163	12,457
Sam Robins Shorebird Endowment Fund	30,321	32,534
Friends of Havenswood State Forest Endowment Fund	10,073	10,385
Funds held for others as agency endowments	\$ 935,751	\$ 929,525

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

5. Net Assets

The Foundation's board of directors at December 31, 2015 and 2014 has chosen to place the following limitations on unrestricted net assets:

	<u>2015</u>	<u>2014</u>
General endowment funds	\$ 206,180	\$ 155,586
Undesignated	<u>(88,929)</u>	<u>128,514</u>
Unrestricted net assets	<u>\$ 117,251</u>	<u>\$ 284,100</u>

Temporarily restricted net assets are available for the following purposes or periods at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Acorn endowment funds	\$ 34,513	\$ 34,966
State Natural Areas	7,653	17,166
Wisconsin Master Naturalist	-	1,871
Field trips	72,304	24,276
Whooping Crane	16,119	12,000
Spread Eagle Barrens	13,531	20,947
Pine Island Savanna	159	159
Eagle Oak	7	7
Dale Druckrey Conservation Fund	26,944	26,145
Birdathon	58,756	34,560
Patty Anderson Working Fund	80,000	80,000
Teachers' Outdoor Environmental Education Fund	11,000	-
Endangered Resources	921	-
Special Appeals Campaign	32,183	-
Accumulated earnings on donor-restricted endowment funds	211,912	455,348
Others	<u>30,678</u>	<u>38,536</u>
	<u>\$ 596,680</u>	<u>\$ 745,981</u>

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

5. Net Assets (Continued)

Permanently restricted net assets consisted of the following at December 31, 2015 and 2014:

	2015	2014
Lower Wisconsin State Riverway Fund	\$ 658,911	\$ 658,311
CD Besadny Conservation Fund	459,988	457,713
Sally R. Luthin Memorial Fund	59,000	59,000
Turtle Flameau Scenic Waters Area Fund	110,234	107,734
Norma and Stanley DeBoer Quiet Trails Fund	106,113	86,113
Hussin Family Natural Areas Fund	31,985	31,985
Doratheia Buckeridge Drotning Fund	27,572	27,572
Reynold Zeller Fund	26,700	26,700
Hughes Jeffords Chippewa Flowage Conservation Fund	19,660	19,660
Paul and Alice Olson Memorial Fund	16,058	15,558
James J. Schwabe Endowment Fund	15,186	14,536
Robert M. Jostes WI State Natural Areas Conservation Fund	12,500	12,500
Teachers' Outdoor Environmental Education Fund	72,525	62,525
Patricia and Lyman Anderson Family Farm Endowment	123,000	123,000
Wisconsin Bat Conservation Fund	126,580	117,925
Wisconsin Rare Plant Preservation Fund	45,866	40,532
Koshkonong Corners SNA Fund	10,650	10,650
Dale Druckrey Conservation Fund	173,165	173,165
Jane and Jack Edson Family Conservation Fund	13,150	12,550
David and Joyce Weizenicker Endowment Fund for State Parks	40,424	35,447
Robert H. Halpin Family Endowment Fund	11,800	11,800
Jefferson County Parks Endowment	12,628	12,078
Trees for the Future in Jefferson County Parks Fund	10,365	10,365
Fair Meadows Fund	24,361	17,500
Charles A. and Ida C. Sanders Northwoods Memorial Fund	31,472	10,450
Richard and Mary Kathryn Ring Conservation Fund	41,000	31,000
Lower Chippewa River Basin Conservation Fund	50,193	43,558
Daniel F. Brown and G. Ronald Barnes Flambeau River State Forest Fund	16,475	16,475
Public Lands Endowment	179,473	87,676
West Dane Conservancy Fund	90,000	90,000
Nina Binkley Endowment Fund for Wisconsin State Parks and Natural Areas	10,000	10,000
Tomahawk Public Library Fund	35,385	30,409
Quincy Bluff Endowment Fund	179,040	178,850
John and Marlen Kaiser Conservation Fund	30,000	25,000
SanDretto Family Natural Areas Fund	39,200	34,200
Cherokee March Conservation Fund	19,167	12,680
Helen G. Ritter State Natural Areas Fund	84,793	84,793
West Wisconsin Land Trust Love Lake and Sigurd Olson Memorial Forest Endowment Fund	505,443	505,443
Camp Rita Doris Fund	10,387	10,012
Upper Sugar River Watershed Fund	56,516	50,037
DNR Chippewakee Prairie Endowment Fund	224,000	-
Louis' Bluff Endowment Fund	40,000	-
LaBarbera-Vaughn Outdoor Heritage Fund	41,503	-
The Wisconsin Bird Fund - A Legacy Fund of the Society of Tympanuchus Cupido Pinnatus, Ltd.	170,605	-
Permanently restricted net assets	\$ 4,063,073	\$ 3,365,502

During 2015 and 2014, the donors released \$0 and \$0, respectively, of their permanently restricted contributions to be spent on projects.

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

6. Fair Value Measurements

Fair Values of assets measured on a recurring basis at December 31, 2015 and 2014 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Mutual Funds	\$ 7,173,931	\$ 7,173,931	\$ -
Treasury Notes	1,478,206	-	1,478,206
Common Stock	482,241	482,241	-
Marketable Certificates of Deposit	398,809	-	398,809
Bonds	-	-	-
2015 Total	<u>\$ 9,533,187</u>	<u>\$ 7,656,172</u>	<u>\$ 1,877,015</u>

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Mutual Funds	\$ 5,837,833	\$ 5,837,833	\$ -
Treasury Notes	1,369,101	-	1,369,101
Common Stock	525,867	525,867	-
Marketable Certificates of Deposit	597,207	-	597,207
Bonds	63,316	-	63,316
2014 Total	<u>\$ 8,393,324</u>	<u>\$ 6,363,700</u>	<u>\$ 2,029,624</u>

Fair values for mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for treasury notes, marketable certificates of deposit, and bonds are determined based on recent prices of similar assets.

7. Retirement Plans

All employees who work 20 or more hours per week are eligible to participate in the Foundation's 403(b) plan. The Foundation's contributions are discretionary and may change from year to year. Retirement expense was \$15,091 and \$10,600 for 2015 and 2014, respectively.

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

8. Lease Commitment

In August of 2013, the Foundation entered into a five year lease agreement for office space in Madison, Wisconsin. The lease is in effect from January 2014 through December 2018. Rent Expense was \$41,907 and \$39,460 for 2015 and 2014, respectively. Future minimum lease payments are as follows:

2016	\$	40,896
2017		42,123
2018		43,387

9. Concentration of Credit Risk

The Foundation maintains its cash balance in one financial institution located in Madison, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation also maintains balances at one brokerage. These balances are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. Professional standards identify these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining the deposits in high quality financial institutions. At December 31, 2015, the Foundation had uninsured cash balances of \$819,863 and uninsured investment balances of \$8,836,766.

10. Donated Services

The Foundation has the status of a friend of the Wisconsin Department of Natural Resources (DNR). This status allows the Foundation to utilize the DNR's certain resources without charge as long as the Foundation undertakes activities that assist the DNR in achieving its objectives. Donated services in 2015 and 2014 were utilized for the following program services and supporting activities:

	2015	2014
Program Services		
Education and outreach	\$ 16,750	\$ 4,225
Rare and endangered species	-	139
State neutral areas	-	134
Sustainable support	-	2,478
Management and general	2,559	8,586
Fundraising	-	4,203
Donated Services	\$ 19,308	\$ 19,765

11. Endowments

The Foundation's endowment consists of 49 individual funds established for a variety of purposes and includes both donor-restricted endowment funds, 45 permanent and 3 acorn, and one fund designated by the board of directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

11. Endowments (Continued)

Interpretation of Relevant Law

The state of Wisconsin enacted UPMIFA effective July 20, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Foundation had determined that its permanently restricted net assets meet the definition of endowment funds under UPMIFA. The Foundation has interpreted Wisconsin's enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with Wisconsin's enacted version of UPMIFA, the Foundation expects it will need to consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purpose of the donor-restricted endowment funds, (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 Foundation, and (7) the Foundation's investment policies.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$33,170 and \$0 as of December 31, 2015 and 2014. These deficiencies resulted from the unfavorable market fluctuations after the endowments were established.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a rate of return that:

- facilitates a spending (payout) policy of 5% of the total fund assets
- supports an administrative fee of 1%, and
- continued to maintain the purchasing power of the endowment

Strategies Employed for Achieving Objectives

Achieving this objective over the long run requires a substantial commitment to inherently risky equity assets. The Foundation attempts to minimize risk through diversification using the tenets of modern portfolio theory. The Foundation uses a globally diverse mix of actively and passively managed (indexed) mutual funds which include a variety of assets. An Investment committee reviews all aspects of the investment policy on a quarterly basis. The review includes overall asset allocation, transactions affecting assets within the portfolio, transaction costs, portfolio rebalancing, holding overlap among managers, and independent ratings and return analysis for each component of the endowment portfolio.

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

11. Endowments (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 12 quarters through the fiscal quarter-end that precedes the fiscal quarter in which the distribution is planned. In establishing the policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow to meet or exceed the rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional growth through new gifts and investment return.

Endowment net asset composition by type of fund was as follows at December 31, 2015 and 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 246,425	\$ 4,063,073	\$ 4,309,498
Board-designated endowment funds	206,180	-	-	206,180
Total 2015 funds	<u>\$ 206,180</u>	<u>\$ 246,425</u>	<u>\$ 4,063,073</u>	<u>\$ 4,515,678</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 490,314	\$ 3,365,502	\$ 3,855,816
Board-designated endowment funds	155,586	-	-	155,586
Total 2014 funds	<u>\$ 155,586</u>	<u>\$ 490,314</u>	<u>\$ 3,365,502</u>	<u>\$ 4,011,402</u>

NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

11. Endowments (Continued)

Changes in endowment net assets for the year ended December 31, 2015 and 2014 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 155,586	\$ 490,314	\$ 3,365,502	\$ 4,011,402
Investment return				
Investment income	305	86,533	-	86,838
Net appreciation/depreciation (realized and unrealized)	-	(131,872)	-	(131,872)
Total investment return	305	(45,339)	-	(45,034)
Contributions	50,289	-	697,571	747,860
Appropriation of endowment assets for expenditure	-	(198,550)	-	(198,550)
Reclassifications	-	-	-	-
Endowment net assets end of 2015	<u>\$ 206,180</u>	<u>\$ 246,425</u>	<u>\$ 4,063,073</u>	<u>\$ 4,515,678</u>
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 155,246	\$ 475,238	\$ 2,571,105	\$ 3,201,589
Investment return				
Investment income	340	28,773	-	29,113
Net appreciation (realized and unrealized)	-	139,849	-	139,849
Total investment return	340	168,622	-	168,962
Contributions	-	-	771,987	771,987
Appropriation of endowment assets for expenditure	-	(133,546)	-	(133,546)
Reclassifications	-	(20,000)	22,410	2,410
Endowment net assets end of 2014	<u>\$ 155,586</u>	<u>\$ 490,314</u>	<u>\$ 3,365,502</u>	<u>\$ 4,011,402</u>