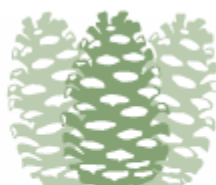




*Caring for Our Corner of the Earth*



**Natural Resources  
FOUNDATION**  
*of Wisconsin*

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

**For the Years Ended December 31, 2020 and 2019**

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

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**December 31, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

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, 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 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, 2020 and 2019 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.

***Emphasis of Matter***

As discussed in Note 16 to the financial statements, Natural Resources Foundation of Wisconsin, Inc. restated net assets as of January 1, 2019. Our opinion is not modified with respect to this matter.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
June 11, 2021

**NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.**  
**Madison, Wisconsin**

**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2020 and 2019**

<u>ASSETS</u>		2020	2019
<u>Current Assets</u>			
Cash and cash equivalents	\$	1,128,344	\$ 819,456
Accounts receivable		3,270	-
Unconditional promises to give		30,500	84,920
Prepaid expenses		25,512	23,429
Total Current Assets		1,187,626	927,805
<u>Fixed Assets</u>			
Equipment		19,350	19,350
Less accumulated depreciation		(15,307)	(14,930)
Net Fixed Assets		4,043	4,420
<u>Noncurrent Assets</u>			
Investments		11,678,986	9,787,461
Cash and investments held in escrow accounts		5,646,351	5,286,253
Total Noncurrent Assets		17,325,337	15,073,714
TOTAL ASSETS	\$	18,517,006	\$ 16,005,939
<u>LIABILITIES AND NET ASSETS</u>			
<u>Current Liabilities</u>			
Accounts payable	\$	9,657	\$ 47,248
Accrued expenses		28,101	23,789
Funds held for others as escrow accounts		5,646,351	5,286,253
Funds held for others as agency endowments		1,240,720	1,008,176
Total Current Liabilities		6,924,829	6,365,466
<u>Long-term Liabilities</u>			
PPP loan		89,377	-
Total Long-term Liabilities		89,377	-
<u>Net Assets</u>			
Net Assets without Donor Restrictions		580,316	429,028
Net Assets with Donor Restrictions		10,922,484	9,211,445
Total Net Assets		11,502,800	9,640,473
TOTAL LIABILITIES AND NET ASSETS	\$	18,517,006	\$ 16,005,939

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, 2020 and 2019**

	<u>2020</u>			<u>2019</u>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Contributions	\$ 570,516	\$ 1,610,894	\$ 2,181,410	\$ 491,354	\$ 1,648,788	\$ 2,140,142
Donated Goods and Services	69,608	-	69,608	127,384	-	127,384
Fees for services	40,432	-	40,432	36,878	-	36,878
Field Trip Income	20,768	-	20,768	136,793	-	136,793
Other	4,832	-	4,832	1,625	-	1,625
Investment income (loss)	1,611	1,263,715	1,265,326	1,574	1,403,031	1,404,605
Net assets released from restrictions	1,163,570	(1,163,570)	-	999,869	(999,869)	-
Total Revenues and Other Support	<u>1,871,337</u>	<u>1,711,039</u>	<u>3,582,376</u>	<u>1,795,477</u>	<u>2,051,950</u>	<u>3,847,427</u>
Expenses						
Program services:						
Education and outreach	429,861	-	429,861	478,730	-	478,730
Rare and endangered species	469,242	-	469,242	537,136	-	537,136
State natural areas and public lands	335,533	-	335,533	238,493	-	238,493
Sustainable support and endowments	33,005	-	33,005	22,208	-	22,208
Management and general	299,545	-	299,545	316,750	-	316,750
Fundraising	152,863	-	152,863	177,280	-	177,280
Total Expenses	<u>1,720,049</u>	<u>-</u>	<u>1,720,049</u>	<u>1,770,597</u>	<u>-</u>	<u>1,770,597</u>
Increase (Decrease) in Net Assets before Transfers	<u>151,288</u>	<u>1,711,039</u>	<u>1,862,327</u>	<u>24,880</u>	<u>2,051,950</u>	<u>2,076,830</u>
Total Change in Net Assets	151,288	1,711,039	1,862,327	24,880	2,051,950	2,076,830
Net Assets - Beginning of Year, as restated	<u>429,028</u>	<u>9,211,445</u>	<u>9,640,473</u>	<u>404,148</u>	<u>7,159,495</u>	<u>7,563,643</u>
Net Assets - End of Year	<u>\$ 580,316</u>	<u>\$10,922,484</u>	<u>\$ 11,502,800</u>	<u>\$ 429,028</u>	<u>\$ 9,211,445</u>	<u>\$ 9,640,473</u>

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

**NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.**  
**Madison, Wisconsin**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended December 31, 2020 and 2019**

	<b>2020</b>							
	Program Services				Supporting Activities			
	Education and Outreach	Wildlife	Lands & Waters	Sustainable Support and Endowments	Total Program Services	Management and General	Fundraising	Total
Personnel Costs	\$ 218,299	\$ 34,118	\$ 3,699	\$ 20,622	\$ 276,738	\$ 156,521	\$ 111,690	\$ 544,949
Contract Services	36,104	2,409	87,405	1,308	127,226	104,215	8,157	239,598
Program Costs	109,817	421,972	242,794	5,974	780,557	500	-	781,057
Facility and Equipment	28,067	4,829	761	2,751	36,408	19,788	14,784	70,980
Marketing and Promotion	1,797	377	49	153	2,376	1,152	5,396	8,924
Office Expense	32,396	5,195	153	2,054	39,798	15,972	11,969	67,739
Meeting and Travel	2,563	229	653	71	3,516	619	426	4,561
Other Expenses	818	113	19	72	1,022	778	441	2,241
	<u>\$ 429,861</u>	<u>\$ 469,242</u>	<u>\$ 335,533</u>	<u>\$ 33,005</u>	<u>\$ 1,267,641</u>	<u>\$ 299,545</u>	<u>\$ 152,863</u>	<u>\$ 1,720,049</u>

	<b>2019</b>							
	Program Services				Supporting Activities			
	Education and Outreach	Wildlife	Lands & Waters	Sustainable Support and Endowments	Total Program Services	Management and General	Fundraising	Total
Personnel Costs	\$ 155,754	\$ 29,970	\$ 18,243	\$ 8,089	\$ 212,056	\$ 164,677	\$ 117,074	\$ 493,807
Contract Services	116,477	15,527	2,489	1,255	135,748	101,344	21,144	258,236
Program Costs	150,110	480,300	211,027	10,375	851,812	632	94	852,538
Facility and Equipment	19,618	3,804	2,346	1,063	26,831	19,824	15,002	61,657
Marketing and Promotion	666	101	645	63	1,475	888	6,000	8,363
Office Expense	32,056	6,056	1,720	1,168	41,000	25,382	15,462	81,844
Meeting and Travel	3,433	1,281	1,920	166	6,800	2,286	2,082	11,168
Other Expenses	616	97	103	29	845	1,717	422	2,984
	<u>\$ 478,730</u>	<u>\$ 537,136</u>	<u>\$ 238,493</u>	<u>\$ 22,208</u>	<u>\$ 1,276,567</u>	<u>\$ 316,750</u>	<u>\$ 177,280</u>	<u>\$ 1,770,597</u>

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, 2020 and 2019**

	2020	2019
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 1,862,327	\$ 2,076,830
Adjustments to reconcile change in net assets to net cash (provided by) operating activities:		
Contributions restricted for permanent endowments	(784,549)	(859,993)
Donated investments	(309,544)	(513,792)
Depreciation	377	189
Unrealized and realized (gain) loss on investments	(1,066,630)	(1,137,730)
Changes in operating assets and liabilities:		
Accounts receivable	(3,270)	30,000
Unconditional promises to give	54,420	(77,320)
Prepaid expenses	(2,083)	1,001
Accounts payable	(37,591)	24,657
Accrued expenses	4,312	10,774
Grants payable	-	(13,837)
Funds held for others as agency endowments	232,544	101,936
Net cash provided (used) by operating activities	(49,687)	(357,285)
<u>Cash Flows from Investing Activities</u>		
Proceeds from sale of donated investments	309,544	513,792
Proceeds from sales of investments	190,462	143,715
Purchases of investments	(1,015,357)	(1,063,608)
Purchase of equipment	-	(4,609)
Net cash provided (used) by investing activities	(515,351)	(410,710)
<u>Cash Flows from Financing Activities</u>		
Proceeds from contributions restricted for investment in permanent endowment	784,549	859,993
Proceeds from PPP loan	89,377	-
Net cash provided (used) by financing activities	873,926	859,993
Net (decrease) increase in cash	308,888	91,998
Cash at beginning of year	819,456	727,458
Cash at end of year	\$ 1,128,344	\$ 819,456

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



**NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

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**1. Summary of Significant Accounting Policies**

**A. Nature of Organization**

Natural Resources Foundation of Wisconsin, Inc. (“Foundation”) is mainly supported by contributions and its mission is to provide sustainable funding for Wisconsin’s most imperiled species and public lands, while connecting generations to the wonders of Wisconsin’s lands, water, and wildlife through conservation, education, engagement and giving. The Foundation is a leader and partner in advancing natural resource conservation efforts across the state, annually working with hundreds of conservation nonprofits, land trusts, schools, nature centers, and other local and statewide groups to support conservation and environmental education projects in Wisconsin. In its role as a funder, the Foundation works with its network of over 5,000 members across Wisconsin, small businesses, corporations, foundations, and agencies to secure private sector support for Wisconsin’s natural resources. Additionally, the Foundation works with donors to establish permanent endowment funds through its Wisconsin Conservation Endowment, which provides sustainable annual support for priority conservation and education needs in Wisconsin.

**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**

Net assets are classified based on the existence or absence of donor-imposed restrictions. Net assets are defined as follows:

Net assets without donor restrictions consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of Natural Resources Foundation of Wisconsin, Inc. and include those expendable resources which have been designated for special use by Natural Resources Foundation of Wisconsin, Inc.’s Boards of Directors.

Net assets with donor restrictions consist of net assets that are subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit Natural Resources Foundation of Wisconsin, Inc.’s choices of when to use and how to use these resources.

**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, 2020 and 2019**

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**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 2017.

**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 accounts 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 promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing assets. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. As of December 31, 2020, and 2019 all amounts were expected to be collected within one year. Any allowance for doubtful accounts is determined based on historic experience, as assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. As of December 31, 2020, and 2019, there was no allowance for doubtful promises to give.

**I. Property and Equipment**

Property and equipment purchases that are greater than \$1,000 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 Statements of Financial Position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

**NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

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**1. Summary of Significant Accounting Policies (Continued)**

**K. Grants Payable**

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

**L. Revenue and Revenue Recognition**

Revenue from fieldtrip registrations are recognized once participants have attended the trip.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of December 31, 2020, and 2019, there were \$196,071 and \$378,900 conditional promises to give outstanding, respectively.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

**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. Fair Value Measurements**

In accordance with professional standards, the Foundation follows the accounting for fair value measurement, as it pertains to the Foundation's financial assets and liabilities. Professional standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in any orderly transaction between market participants at the measurement date. Fair value should be based on assumptions that market participants would use, including a consideration of non-performance risk.

Management assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted market prices for identical instruments in an active market that the entity has the ability to access and are the most observable.

Level 2 inputs include quoted market prices for similar assets and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves.

Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

**NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

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**1. Summary of Significant Accounting Policies (Continued)**

**O. Functional Allocation of Expenses**

The costs of providing the various programs of the Foundation have been summarized on a functional basis in the statements of activities and the statements of functional expenses. 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 opportunities for people to connect, explore, and engage with Wisconsin's outdoors. Each year, the Natural Resources Foundation's popular Field Trip Program offers more than 200 trips for families to learn about Wisconsin's natural resources, annually engaging more than 5,000 people in unique field experiences across the state, while the Foundation's Wayfarers initiative connects 20- and 30-somethings to Wisconsin's outdoors, building the next generation of conservationists. The Foundation supports education programs including the Wisconsin Citizen-based Monitoring Network, the Wisconsin Master Naturalist Program, Snapshot Wisconsin, and provides opportunities for dozens of schools each year to get their students outside and hands-on with environmental education activities through the Go Outside Program. Additionally, the Natural Resources Foundation is a program partner of FIELD Edventures, which is building environmental education holistically into K-12 schools. The Foundation recently took over a statewide capacity building role for environmental education in Wisconsin, establishing a council of experts and working to provide resources for schools, nature centers, and other providers to get children, families, and communities outside, while supporting statewide environmental education initiatives and strategies.

*Wildlife* – The Foundation supports the recovery efforts for dozens of imperiled wildlife species each year, focusing on those listed as endangered, threatened, or at risk on the Wisconsin Department of Natural Resources list of Species of Greatest Conservation Need. Through the signature Great Wisconsin Birdathon campaign, the largest fundraiser for bird conservation in the state, the Foundation works with individuals and organizations to raise funds for the highest priority conservation needs for Wisconsin's birds and their habitat. The Foundation supports citizen science projects that connect people to Wisconsin's natural heritage and provide important data to guide conservation efforts for rare wildlife species. The Natural Resources Foundation is a founder of the Wisconsin Monarch Collaborative, a statewide consortium to support monarch and pollinator conservation efforts, and established the Wisconsin Amphibian and Reptile Conservation Fund to provide permanent support for Wisconsin's rarest frog, turtle, snake, and salamander species.

*Lands and Waters* – The Foundation provides critical support for Wisconsin's most biodiverse landscapes, and is the only statewide nonprofit focused on State Natural Areas - designated sites that protect outstanding examples of Wisconsin's native landscapes and natural communities and provide habitat for the majority of Wisconsin's imperiled wildlife species. Thanks to this effort, land restoration and management takes place at dozens of public properties and thousands of acres across Wisconsin each year, which would not otherwise happen. The Foundation also directs the Cherish Wisconsin Outdoors Fund, a public-private partnership that provides permanent funding for habitat management at state parks, natural areas, wildlife and fisheries areas, and recreation areas.

**NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

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**1. Summary of Significant Accounting Policies (Continued)**

**O. Functional Allocation of Expenses (Continued)**

*Sustainable Support and Endowments* – The Foundation 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 103 individual endowment, agency, 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.

**P. Subsequent Events**

Management has evaluated events through June 11, 2021, the date which the financial statements were available to be issued.

**Q. Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**2. 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. 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, 2020 and 2019, the Foundation had uninsured cash balances of \$1,195,765 and \$790,529, respectively.

The Foundation also maintains balances at one brokerage. These balances are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. SIPC covers losses from fraud and negligence of the registered securities dealer, but not against market losses or investment return. Balances held in accounts may still at times exceed insured limits.

**3. Equipment**

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

	<u>2020</u>	<u>2019</u>
Equipment	\$ 19,350	\$ 19,350
Less: Accumulated Depreciation	<u>15,307</u>	<u>14,930</u>
Equipment - Net	<u>\$ 4,043</u>	<u>\$ 4,420</u>

Depreciation expense was \$377 and \$189 for 2020 and 2019, respectively.

**NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**4. Investments**

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

	<u>2020</u>	<u>2019</u>
Cash and money market	\$ 201,190	\$ 179,469
Mutual Funds	<u>11,477,796</u>	<u>9,607,992</u>
Total Investments	<u><u>\$ 11,678,986</u></u>	<u><u>\$ 9,787,461</u></u>

Investment return consisted of the following for 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Dividends and Interest	\$ 244,924	\$ 242,217
Realized and Unrealized Gain (Loss)	1,182,013	1,400,141
Investment return allocated to/from agency endowments	(139,474)	(217,621)
Investment management fees	<u>(22,137)</u>	<u>(20,132)</u>
Total Investment Return	<u><u>\$ 1,265,326</u></u>	<u><u>\$ 1,404,605</u></u>

**5. Funds Held for Others**

Funds held for others in escrow accounts consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Chippewa River Fish Protection Fund Escrow	\$ 4,774,862	\$ 4,461,777
Chippewa River Natural Resources Fund Escrow	600,698	582,118
Prairie du Sac Habitat Enhancement, Mitigation, Research, Study and Fish Passage Escrow	205,796	181,696
Grandmother Falls Fish Passage and/or Protection Escrow	<u>64,995</u>	<u>60,662</u>
Total Funds Held for Others as Escrow Accounts	<u><u>\$ 5,646,351</u></u>	<u><u>\$ 5,286,253</u></u>

**NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**5. Funds Held for Others (Continued)**

Escrow account funds consisted of the following investments at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and money market	\$ 488,700	\$ 421,183
Mutual Funds	603,142	542,492
Treasury Notes	1,488,463	2,238,931
Bonds	<u>3,066,046</u>	<u>2,083,647</u>
Cash and investments held in escrow accounts	<u>\$ 5,646,351</u>	<u>\$ 5,286,253</u>

**6. Net Assets without Donor Restrictions**

The Foundation's board of directors has chosen to place the following limitations on net assets without donor restrictions as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Board designated net assets:		
Bluffs to Great Lake Shores (Endowment Fund)	\$ 150,001	\$ 150,001
Board designated reserve Fund	140,025	139,448
Other Endowment funds	9,364	-
Undesignated	<u>280,926</u>	<u>139,579</u>
Net assets without donor restrictions	<u>\$ 580,316</u>	<u>\$ 429,028</u>

**7. Net Assets with Donor Restrictions**

Net assets with donor restrictions consisted of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Amount subject to time or purpose restrictions:		
Accumulated earnings on donor-restricted endowment funds	\$ 2,141,220	\$ 1,225,571
NRF Programs	434,598	426,157
Subtotal	<u>2,575,818</u>	<u>1,651,728</u>
Amounts that must be maintained in perpetuity:		
Endowment funds	<u>8,346,666</u>	<u>7,559,717</u>
Net assets with donor restrictions	<u>\$ 10,922,484</u>	<u>\$ 9,211,445</u>

**NATURAL RESOURCES FOUNDATION OF WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

**8. Fair Value Measurements**

Fair Values of assets measured on a recurring basis at December 31, 2020 and 2019 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$ 12,080,938	\$ 12,080,938	\$ -	\$ -
Treasury Notes	1,488,463	-	1,488,463	-
Bonds	<u>3,066,046</u>	<u>-</u>	<u>3,066,046</u>	<u>-</u>
2020 Total	<u>\$ 16,635,447</u>	<u>\$ 12,080,938</u>	<u>\$ 4,554,509</u>	<u>\$ -</u>
Mutual Funds	\$ 10,150,484	\$ 10,150,484	\$ -	\$ -
Treasury Notes	2,238,931	-	2,238,931	-
Bonds	<u>2,083,647</u>	<u>-</u>	<u>2,083,647</u>	<u>-</u>
2019 Total	<u>\$ 14,473,062</u>	<u>\$ 10,150,484</u>	<u>\$ 4,322,578</u>	<u>\$ -</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.

**9. 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 \$17,097 and \$15,605 for 2020 and 2019, respectively.

**10. Lease Commitment**

The Foundation has a ten-year lease agreement for office space in Madison. The lease is in effect from June 2019 through May 2029. Rent expense was \$67,479 and \$58,609 for 2020 and 2019, respectively. Future minimum lease payments are as follows:

2021	\$ 68,636
2022	70,351
2023	72,112
2024	73,916
2025	75,761
2026-2029	<u>273,186</u>
Total	<u>\$ 633,962</u>



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**11. 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 certain resources from the DNR without charge as long as the Foundation undertakes activities that assist the DNR in achieving its objectives. Fieldtrip leaders are typically experts in the field related to each trip and lead the trips at no cost to the Foundation. Donated services in 2020 and 2019 were utilized for the following program services and supporting activities:

	2020	2019
Program Services		
Education and outreach	\$ 16,500	\$ 81,111
Wildlife	-	764
Lands & Waters	27,960	172
Sustainable support	-	(72)
Management and general	-	4,712
Fundraising	-	3,132
Donated Services	\$ 44,460	\$ 89,819

**12. Endowments**

The Foundation’s endowment consists of 103 individual funds established for a variety of purposes and includes both donor-restricted endowment funds and board designated endowment funds. 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.

*Interpretation of Relevant Law*

The state of Wisconsin enacted Uniform Prudent Management of Institutional Funds Act (“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 donor-restricted endowment funds 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) general economic conditions, (2) the possible effect of inflation and deflation, (3) the expected tax consequences of investment decisions/strategies, (4) the role of each investment within the context of the overall portfolio, (5) the expected total return from income and appreciation, (6) other resources of the Foundation, (7) the need to make distributions and preserve capital, and (8) an asset’s special relationship/value to the Foundation’s charitable purpose.

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**12. Endowments (Continued)**

*Investment Objective*

The Foundation has adopted investment and spending policies for endowment assets that attempt to manage the majority of the portfolio passively. Passive management is an investment strategy involving limited ongoing buying and selling actions. The Foundation will purchase investments with the intention of long-term appreciation and limited maintenance.

Within a passive management strategy, the basic philosophy governing the investments of the Foundation will be prudent growth of principal with the understanding that the Portfolio's values will fluctuate with the capital markets over shorter term time periods. Within this philosophical framework, this policy seeks to provide a competitive total return consistent with historical capital market conditions and subject to risk tolerances and liquidity requirements.

*Spending Policy*

The Foundation has a policy to withdraw approximately 4.5% of the Portfolio annually to fund the programs and support the Foundation's operational needs. For purposes of this spending policy, the amount to be spent will be determined using a rolling average of the 20 most recent quarter end market values of the Portfolio. Annual growth in the dollar amount spent will be limited to the rate of inflation as determined by the Consumer Price Index (or the GDP deflator). The purpose of this limitation is to enable the corpus of the Portfolio to grow during times of market strength, thereby providing a buffer in times of market weakness. The goal is to smooth spending patterns over time, limiting disruption to the Foundation's budget during unfavorable market cycles.

*Risk Tolerances and Control*

The Foundation defines the risk as the expected standard deviation of return based on historical capital market data. The Foundation evaluates the risk in terms of the total portfolio, not each individual investment. To minimize risk, the Foundation diversifies the portfolio across asset classes, economic sectors, industry groups and individual securities as allowed by the target asset allocation of the portfolio.

*Liquidity*

The Foundation has established the target asset allocation and asset allocation rebalancing policies to assure funding for foreseeable liquidity events. It is anticipated that the Portfolio will distribute 3-5% of its annual allowed distributable amount. Withdrawals for liquidity needs may come from capital appreciation and income, and from assets upon approval of the trustees.

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**12. Endowments (Continued)**

Endowment net asset composition by type of fund was as follows a December 31, 2020 and 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 10,487,886	\$ 10,487,886
Board-designated endowment funds	150,001	-	150,001
Total 2020 funds	<u>\$ 150,001</u>	<u>\$ 10,487,886</u>	<u>\$ 10,637,887</u>

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 8,785,288	\$ 8,785,288
Board-designated endowment funds	150,001	-	150,001
Total 2019 funds	<u>\$ 150,001</u>	<u>\$ 8,785,288</u>	<u>\$ 8,935,289</u>

Changes in endowment net assets for the year ended December 31, 2020 and 2019 were as follows:

2020	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 150,001	\$ 8,785,288	\$ 8,935,289
Investment return			
Investment income(loss)	-	219,075	219,075
Net appreciation/depreciation (realized and unrealized)	-	1,065,897	1,065,897
Total investment return	-	1,284,972	1,284,972
Contributions	-	790,170	790,170
Appropriation of endowment assets for expenditure	-	(372,544)	(372,544)
Endowment net assets end of 2020	<u>\$ 150,001</u>	<u>\$ 10,487,886</u>	<u>\$ 10,637,887</u>

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**12. Endowments (Continued)**

2019	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year (restated)	\$ 151,691	\$ 6,789,375	\$ 6,941,066
Investment return:			
Investment income	-	210,171	210,171
Net appreciation (realized and unrealized)	-	1,211,798	1,211,798
Total investment return	-	1,421,969	1,421,969
Contributions	-	1,299,652	1,299,652
Appropriation of endowment assets for expenditure	(1,690)	(725,708)	(727,398)
Endowment net assets end of 2019	<u>\$ 150,001</u>	<u>\$ 8,785,288</u>	<u>\$ 8,935,289</u>

**13. Contingency**

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

The Foundation applied for and received a Paycheck Protection Program (PPP) loan through the U.S. Small Business Administration (SBA) as part of the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) signed into law by the U.S. Government on March 27, 2020.

The Foundation received \$89,377 in May 2020 through the initial phase of the PPP application process. The proceeds were used for the allowed purposes and the Foundation has met PPP's eligibility criteria to have this amount forgiven in its entirety in 2021. Accordingly, the Foundation has recorded a note payable and will record forgiveness upon being legally released from the loan obligation in 2021. No forgiveness income has been recorded for the year ended December 31, 2020.

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**14. Liquidity and Availability of Financial Assets**

The Foundation monitors its liquidity so that it is able to meet its operating needs. The following table reflects the Foundation's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are not considered available when the assets are not liquid or not convertible into cash within one year, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the board of directors has designated funds for specific reserves or long-term investments such as board-designated quasi-endowments. The board restricted amounts could be used within one year if approved by the Board of Directors.

	2020	2019
Combined financial assets:		
Cash and cash equivalents	\$ 1,098,276	\$ 819,456
Accounts receivable, net	3,270	-
Unconditional promises to give	30,500	84,920
Investments and amounts held in escrow accounts	17,355,405	15,073,714
Total financial assets	18,487,451	15,978,090
Less those unavailable for general expenditure within one year due to:		
Endowments and accumulated earnings subject to appropriation beyond one year	(10,487,886)	(8,785,288)
Funds held for others as escrow accounts	(5,646,351)	(5,286,253)
Funds held for others as agency endowments	(1,240,720)	(1,008,176)
Other donor restrictions	(434,598)	(426,157)
Board designations	(290,026)	(289,449)
Financial assets available to meet cash needs for expenditures within one year	\$ 387,870	\$ 182,767

**15. Effect of New Accounting Standards on Current-Period Financial Statements**

The Financial Accounting Standards Board (FASB) has approved the following:

- ASU No. 2016-02 (Topic 842): Leases. For most entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2021.

When it becomes effective, application of this standard may restate portions of these financial statements.

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**16. Prior Period Adjustment**

The previously stated net assets as of January 1, 2019 has been restated to correct for one error. In previously issued financial statements, the Foundation incorrectly recorded the third party contributions as agency endowment liabilities, where these contributions should have been recorded as contributions with donor restrictions according to the accounting standards. This correction resulted in the following restatement of net assets as of January 1, 2019:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Net Assets
Net assets, January 1, 2019 as previously stated	\$ 404,148	\$ 6,926,097	\$ 7,330,245
To recognize third party contributions as contributions with donor restrictions through December 31, 2018	-	218,002	218,002
To recognize investment income on these contributions	-	15,396	15,396
Net assets, January 1, 2019 as restated	<u>\$ 404,148</u>	<u>\$ 7,159,495</u>	<u>\$ 7,563,643</u>