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Prairie
Enthusiasts

THE PRAIRIE ENTHUSIASTS, INC.
AND SUPPORTING ORGANIZATION

Viroqua, Wisconsin

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

**THE PRAIRIE ENTHUSIASTS, INC.
AND SUPPORTING ORGANIZATION**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Prairie Enthusiasts, Inc.
Viroqua, Wisconsin

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Prairie Enthusiasts, Inc. (a nonprofit organization) and Supporting Organization, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Prairie Enthusiasts, Inc. and Supporting Organization as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Prairie Enthusiasts, Inc. and Supporting Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Prairie Enthusiasts, Inc. and Supporting Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information on pages 23 - 25 and the information related to easement and land acquisitions on pages 26 - 27 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State Single Audit Guidelines, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2023, on our consideration of The Prairie Enthusiasts, Inc. and Supporting Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Prairie Enthusiasts, Inc. and Supporting Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Prairie Enthusiasts, Inc. and Supporting Organization's internal control over financial reporting and compliance.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
August 1, 2023

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>DECEMBER 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 619,236	\$ 577,726
Accounts receivable	30,270	48,146
Grants receivable	190,087	212,733
Promises to give, net	59,797	194,667
Other assets	<u>39,001</u>	<u>27,014</u>
Total Current Assets	<u>938,391</u>	<u>1,060,286</u>
Property and Equipment:		
Land and improvements	11,337,188	9,583,658
Equipment	235,379	229,079
Ruth Hine Collection	1,500	1,500
Less: Accumulated depreciation	<u>(261,482)</u>	<u>(251,703)</u>
Net Property and Equipment	<u>11,312,585</u>	<u>9,562,534</u>
Other Assets:		
Restricted cash and investments	3,247,176	3,753,218
Promises to give, net	808	71,429
Investments	<u>35,738</u>	<u>42,349</u>
Total Other Assets	<u>3,283,722</u>	<u>3,866,996</u>
Total Assets	<u>\$ 15,534,698</u>	<u>\$ 14,489,816</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 29,605	\$ 34,756
Refundable advances	26,080	5,866
Accrued salaries and expenses	<u>39,997</u>	<u>39,300</u>
Total Current Liabilities	<u>95,682</u>	<u>79,922</u>
Total Liabilities	<u>95,682</u>	<u>79,922</u>
Net Assets:		
Without donor restrictions		
Undesignated	1,184,369	992,136
Board-designated	35,738	42,349
With donor restrictions	<u>14,218,909</u>	<u>13,375,409</u>
Total Net Assets	<u>15,439,016</u>	<u>14,409,894</u>
Total Liabilities and Net Assets	<u>\$ 15,534,698</u>	<u>\$ 14,489,816</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	YEAR ENDED DECEMBER 31, 2022			YEAR ENDED DECEMBER 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions	\$ 356,742	\$ 467,897	\$ 824,639	\$ 128,765	\$ 1,251,190	\$ 1,379,955
Contributions of nonfinancial assets	24,831	-	24,831	343,930	-	343,930
Membership	24,091	-	24,091	112,837	-	112,837
Grants	194,843	1,156,702	1,351,545	315,344	236,376	551,720
Special events	46,325	-	46,325	45,085	-	45,085
Fee for services	41,757	-	41,757	61,809	-	61,809
USDA program income	51,742	-	51,742	47,581	-	47,581
Sales and rents	72,381	-	72,381	128,487	-	128,487
Investment income (loss)	(4,619)	(365,823)	(370,442)	8,667	213,495	222,162
Other	6,583	-	6,583	16,989	-	16,989
Net assets released from restrictions	415,276	(415,276)	-	294,951	(294,951)	-
Total Revenues, Gains and Other Support	<u>1,229,952</u>	<u>843,500</u>	<u>2,073,452</u>	<u>1,504,445</u>	<u>1,406,110</u>	<u>2,910,555</u>
Expenses						
Program services	705,150	-	705,150	926,137	-	926,137
Supporting activities:						
Operations and grant administration	228,305	-	228,305	145,981	-	145,981
Fundraising	110,875	-	110,875	151,030	-	151,030
Total Expenses	<u>1,044,330</u>	<u>-</u>	<u>1,044,330</u>	<u>1,223,148</u>	<u>-</u>	<u>1,223,148</u>
Change in Net Assets	185,622	843,500	1,029,122	281,297	1,406,110	1,687,407
Net Assets - Beginning of Year	<u>1,034,485</u>	<u>13,375,409</u>	<u>14,409,894</u>	<u>753,188</u>	<u>11,969,299</u>	<u>12,722,487</u>
Net Assets - End of Year	<u>\$ 1,220,107</u>	<u>\$ 14,218,909</u>	<u>\$ 15,439,016</u>	<u>\$ 1,034,485</u>	<u>\$ 13,375,409</u>	<u>\$ 14,409,894</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>YEAR ENDED DECEMBER 31, 2022</u>			
	<u>Program Services</u>	<u>Operations and Grant Administration</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Expenses				
Land management	\$ 205,639	\$ -	\$ -	\$ 205,639
Personnel	342,762	116,666	46,945	506,373
Meetings and programs	21,946	12,018	3,651	37,615
Operating expenses	54,897	9,473	17,132	81,502
Fees and services	58,920	90,148	43,147	192,215
Depreciation	15,979	-	-	15,979
Real estate taxes	5,007	-	-	5,007
Total Functional Expenses	<u>\$ 705,150</u>	<u>\$ 228,305</u>	<u>\$ 110,875</u>	<u>\$ 1,044,330</u>

	<u>YEAR ENDED DECEMBER 31, 2021</u>			
	<u>Program Services</u>	<u>Operations and Grant Administration</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Expenses				
Land management	\$ 445,416	\$ -	\$ -	\$ 445,416
Personnel	369,499	80,434	24,206	474,139
Meetings and programs	21,106	4,442	3,063	28,611
Operating expenses	32,141	3,453	7,436	43,030
Fees and services	39,639	57,652	116,325	213,616
Depreciation	10,682	-	-	10,682
Real estate taxes	7,654	-	-	7,654
Total Functional Expenses	<u>\$ 926,137</u>	<u>\$ 145,981</u>	<u>\$ 151,030</u>	<u>\$ 1,223,148</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>YEAR ENDED DECEMBER 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Cash Flows from Operating Activities:</u>		
Increase (Decrease) in Net Assets	\$ 1,029,122	\$ 1,687,407
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	15,979	10,682
Loss (gain) on sale of property and equipment	(950)	(16,800)
Property donated and included in contributions	-	(15,900)
Changes in Operating Assets and Liabilities:		
Accounts receivable	17,876	(27,516)
Grants receivable	22,646	(162,515)
Promises to give, net	205,491	(266,096)
Other assets	(11,987)	2,822
Accounts payable	(5,151)	10,950
Refundable advances	20,214	(599)
Accrued salaries and expenses	697	1,815
Net cash provided by (used in) operating activities	<u>1,293,937</u>	<u>1,224,250</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of property and equipment	(1,766,030)	(109,357)
Proceeds from sale of property and equipment	950	16,800
Net change in cash and investments restricted for long-term purposes	506,042	(1,128,854)
Net change in board-designated cash and investments	<u>6,611</u>	<u>(3,973)</u>
Net cash provided by (used in) investing activities	<u>(1,252,427)</u>	<u>(1,225,384)</u>
Increase (decrease) in cash and cash equivalents	41,510	(1,134)
Cash and cash equivalents at beginning of year	<u>577,726</u>	<u>578,860</u>
Cash and cash equivalents at end of year	<u>\$ 619,236</u>	<u>\$ 577,726</u>
<u>Supplemental Cash Flow Disclosures:</u>		
Contributed property and equipment	<u>\$ -</u>	<u>\$ 15,900</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Organization and Consolidation

The Prairie Enthusiasts, Inc. (“TPE”) is a grassroots organization committed to the protection and management of native prairie and savanna of the Upper Midwest. TPE’s primary goal is ensuring the preservation, restoration and management of remaining native prairies and savannas, educating the public about their area’s prairie and savanna heritage, and assisting other public agencies and private groups in restoring prairie and savanna communities. TPE’s activities are funded primarily by dues and contributions from members and other supporters and by grants. TPE is organized into eleven regional chapters. TPE Central’s Board of Directors consists of representatives from each chapter’s Board of Directors and invited members-at-large. This organizational structure is intended to promote local-level leadership and involvement while sharing a common vision and common resources across the organization.

Prairie Enthusiasts Trust is a Type I supporting organization of TPE under the provisions of Internal Revenue Code section 509(a)(3).

The accompanying financial statements of TPE have been prepared on a consolidated basis to include its supporting organization. TPE’s Board of Directors exercises significant control over this organization through the appointment of the Trustees. References to the “Organization” refer to the consolidated group. All significant transactions between TPE and Prairie Enthusiasts Trust have been eliminated in the consolidation.

The following summary of significant accounting policies is presented to enhance the usefulness of the consolidated financial statements to the reader.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Financial Statement Presentation

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

Net assets without donor restrictions consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Organization and include those expendable resources which have been designated for special use by TPE’s Board 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 the Organization’s choices of when to use these resources.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Estimates

The preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

TPE and its supporting organization are not-for-profit organizations exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Wisconsin franchise or income tax.

The Organization has adopted the accounting guidance for recognizing and measuring uncertain tax positions. The Organization 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 Organization's tax-exempt status would not have a material effect on the accompanying consolidated financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods.

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less as of the purchase date to be cash equivalents, unless they are held as part of the investments restricted for long-term purposes.

Accounts Receivable

The Organization considers all receivables 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.

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. Uncollectible promises are written off after management has used reasonable collection efforts and determines the promises will not be collected. At December 31, 2022 and 2021, the Organization had \$60,605 and \$266,096, respectively, of promises to give.

Reclassifications

Certain amounts have been reclassified in the prior year consolidated financial statements to confirm with the current year consolidated financial statement presentation. The reclassifications have no effect on the total change in net assets for the prior year.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment

The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment with a useful life greater than one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Such donations are reported as support without donor restrictions 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 support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service and the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

Investments

Investments consist primarily of assets invested in marketable equity and debt securities and money-market accounts and are stated at fair value. Cash equivalents held within the Organization's investment portfolio are readily available, but it is the intent of the Organization to hold these funds for investment purposes and, therefore, it has classified them as investments. Interest income is recognized when earned. Realized investment gains and losses arising from the sale, collection, or other disposition of investments are determined using the specific identification method. Unrealized investment gains and losses are recognized on a current basis.

Fair Value Measurements

The Organization uses a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the 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, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributions of land, easements, and equipment are presented as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Contributions are recorded at their appraised or fair market value.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Donated Goods and Services

Donated goods and services, if received, are reflected in the accompanying statements at their estimated fair values at date of receipt. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. At December 31, 2022 and 2021, donated goods and services received by the Organization meeting the above criteria were valued at \$24,831 and \$31,460, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with its specific goals and programs.

Program Revenue and Refundable Advances

The Organization recognizes revenue from services provided within the year the service is completed. Performance obligations with clients are satisfied upon completion of the contracted services. Clients are billed once all required services have been provided based upon agreed upon rates with payments due from the client upon receipt of the invoices. Deposits paid to the Organization for future conferences are included in refundable advances until the related conference has been held, at which time they are recognized as revenue. Membership fees are recorded in the period received. Those membership fees are considered to be contributions to the Organization as no measurable benefit is received by the Organization's members.

Conservation Easements

Conservation easements held by the Organization are not recognized as assets in the accompanying consolidated financial statements. Assets are defined as probable future economic benefits obtained or controlled by an entity; the Organization does not believe that the easements meet the definition criteria. Gifts of conservation easements are recognized as revenue and program expenses in equal amounts upon acquisition based on the estimated fair value of the easement at the date of the donation of the easement. Purchased easements are recognized as a program expense upon acquisition based on the acquisition cost of the easement. The value of conservation easements contributed and expensed were \$0 and \$312,470 in 2022 and 2021, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and consolidated statements of functional expenses. Expenses that can be identified with a specific program are recorded directly according to their natural expense classification. Certain categories of expenses are attributable to more than one program or supporting function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited on a reasonable basis that is consistently applied. The costs that are allocated include salaries and benefits which are allocated on the basis of time and effort.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Adopted Accounting Pronouncements

Effective January 1, 2022, the Organization adopted ASU No. 2016-02, *Leases* (Topic 842). This accounting standards update (ASU) requires recognition of certain lease assets and lease liabilities for lease agreements and lease receivables and deferred revenues for lessor agreements. The adoption of this ASU had no material effect on the financial statements of the Organization.

For the year ended December 31, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, which the exception of increased disclosure.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through August 1, 2023, the date the consolidated financial statements were available to be issued.

2. REFUNDABLE ADVANCES

Refundable advances consist of registration fees for future conferences. The following table provides information about significant changes in the refundable advances for the years ended December 31, 2022 and 2021:

	2022	2021
Refundable advances, beginning of year	\$ 5,866	\$ 6,465
Prior year refundable advances recognized as revenue	(5,866)	(6,465)
Increase in refundable advances due to cash received during the period	26,080	5,866
Refundable advances, end of year	\$ 26,080	\$ 5,866

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2022 AND 2021

3. PROMISES TO GIVE

Promises to give are as follows at December 31, 2022 and 2021.

	<u>Total</u>	<u>2023</u>	<u>2024</u>
Balance at December 31, 2022	\$ 60,630	\$ 59,797	\$ 833
Discount @ 3%	<u>(25)</u>	<u>-</u>	<u>(25)</u>
Net Pledges Receivable at December 31, 2022	<u>\$ 60,605</u>	<u>\$ 59,797</u>	<u>\$ 808</u>

	<u>Total</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Balance at December 31, 2021	\$ 268,821	\$ 194,667	\$ 62,488	\$ 6,666	\$ 5,000
Discount @ 3%	<u>(2,725)</u>	<u>-</u>	<u>(1,875)</u>	<u>(400)</u>	<u>(450)</u>
Net Pledges Receivable at December 31, 2021	<u>\$ 266,096</u>	<u>\$ 194,667</u>	<u>\$ 60,613</u>	<u>\$ 6,266</u>	<u>\$ 4,550</u>

4. RESTRICTED CASH AND INVESTMENTS

Cash and investments are restricted as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Restricted Cash		
Land management	\$ 266,375	\$ 269,922
Land protection	212,216	1,115,706
Education and outreach	<u>14,487</u>	<u>14,907</u>
Total restricted cash	<u>493,078</u>	<u>1,400,535</u>
Restricted Investments		
Easement monitoring	63,278	59,184
Legal defense	110,861	129,005
Thomson Internship Endowment	181,421	171,621
Land management	<u>2,398,538</u>	<u>1,992,873</u>
Total restricted investments	<u>2,754,098</u>	<u>2,352,683</u>
Total restricted cash and investments	<u>\$ 3,247,176</u>	<u>\$ 3,753,218</u>

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2022 AND 2021

5. INVESTMENTS

The investments of the Organization consist of cash and marketable securities and are presented in the consolidated financial statements at fair market value. Market risk could occur and is dependent on the future changes in market prices of the various investments held. Investments held as of December 31, 2022 and 2021 are comprised of the following:

	2022		2021	
	Fair Market Value	Cost	Fair Market Value	Cost
Cash	\$ 711,779	\$ 711,779	\$ 115,115	\$ 115,115
Equities	1,265,831	1,140,425	1,393,738	959,835
U.S. Government Bonds	812,226	913,101	886,179	868,383
Total	\$ 2,789,836	\$ 2,765,305	\$ 2,395,032	\$ 1,943,333

Investment income (loss) for the years ended December 31, 2022 and 2021, is summarized as follows:

	2022	2021
Interest and dividends	\$ 83,036	\$ 46,553
Net realized and unrealized gains (losses)	(447,590)	181,638
Investment expenses	(5,888)	(6,029)
Total	\$ (370,442)	\$ 222,162

6. FAIR VALUES MEASURED ON RECURRING BASIS

Fair values of assets measured on a recurring basis are as follows at December 31, 2022 and 2021:

	December 31, 2022		December 31, 2021	
	Fair Market Value	Level 1	Fair Market Value	Level 1
Equities	\$ 1,265,831	\$ 1,265,831	\$ 1,393,738	\$ 1,393,738
U.S. Government Bonds	812,226	812,226	886,179	886,179
Total	\$ 2,078,057	\$ 2,078,057	\$ 2,279,917	\$ 2,279,917

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2022 AND 2021

7. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to credit risk consist principally of cash deposits and investments in excess of insured limits. The Organization maintains its cash balances in various financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. At December 31, 2022 and 2021, the Organization had \$280,018 and \$23,053, respectively, in excess of FDIC insurance limits. The Organization also holds investments through a financial institution. These balances are not covered by the FDIC or the Securities Investor Protection Corporation. At December 31, 2022 and 2021, the Organization held uninsured investment balances of \$2,079,835 and \$2,281,683, respectively.

The Organization invests in various types of marketable securities and money market funds. The Organization has established guidelines relative to diversification and maturities that target certain safety and liquidity risk levels. These guidelines are periodically reviewed and modified. Investment securities in general, are subject to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that the changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated financial statements.

8. PROPERTY AND EQUIPMENT

Changes in fixed assets and accumulated depreciation during 2022 and 2021 are summarized below:

	Land and Improvements	Equipment	Ruth Hine Collection	Accumulated Depreciation
Balance January 1, 2022	\$ 9,583,658	\$ 229,079	\$ 1,500	\$ 251,703
Additions	1,753,530	12,500	-	-
Disposals	-	(6,200)	-	(6,200)
Depreciation	-	-	-	15,979
Balance December 31, 2022	<u>\$ 11,337,188</u>	<u>\$ 235,379</u>	<u>\$ 1,500</u>	<u>\$ 261,482</u>
Balance January 1, 2021	\$ 9,479,935	\$ 227,055	\$ 1,500	\$ 260,531
Additions	103,723	21,534	-	-
Disposals	-	(19,510)	-	(19,510)
Depreciation	-	-	-	10,682
Balance December 31, 2021	<u>\$ 9,583,658</u>	<u>\$ 229,079</u>	<u>\$ 1,500</u>	<u>\$ 251,703</u>

Depreciation expense was \$15,979 and \$10,682 for the years ended December 31, 2022 and 2021, respectively.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2022 AND 2021

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2022 and 2021, are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Thomson Internship Endowment	\$ 181,421	\$ 180,798
Legal defense fund	110,861	127,229
Education and outreach	14,487	14,907
Easement monitoring	63,278	58,904
Land management activities	2,653,983	2,253,694
Land protection	151,611	1,115,706
Land	10,982,663	9,378,075
Restricted for future period	<u>60,605</u>	<u>246,096</u>
Total	<u>\$ 14,218,909</u>	<u>\$ 13,375,409</u>

10. LEASES

The Organization leases office space in Viroqua, Wisconsin on a two year lease expiring on August 31, 2024. The Organization paid \$10,700 and \$7,042 in rental expense for office space in 2022 and 2021, respectively.

Future minimum lease payments are as follows:

2023	\$ 13,200
2024	8,800

The Organization also leases out various land and buildings that it owns. Total rental income received in 2022 and 2021 was \$28,856 and \$17,335, respectively. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

2023	\$ 22,866
2024	16,371
2025	7,351
2026	7,351
2027	<u>1,771</u>
	<u>\$ 55,710</u>

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2022 AND 2021

11. PAYCHECK PROTECTION PROGRAM

In April 2021, the Organization entered into Paycheck Protection Program loan agreements with a local financial institution in the amount of \$76,302, the proceeds of which are to be used for payroll costs, rent obligations, and utility payments. The Organization has deemed the proceeds of these loans, in substance, as a government grant that is expected to be forgiven, which, in accordance with its accounting policies and FASB ASC 958-605 *Not-for-Profit Entities: Revenue Recognition* is to be accounted for as a conditional contribution. Consequently, revenue is recognized as the conditions are determined to have been met. The loan was scheduled to mature April 2026. Some or all of these loan may be forgiven if certain conditions set forth by the Small Business Administration are met. As of December 31, 2021, grant revenue of \$76,302 has been recognized in the statements of activities. In August 2021, the entire balance of the loan was forgiven.

12. ENDOWMENT FUNDS

The Organization's endowment funds consist of both donor-restricted and board-designated endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions as stated in Note 1.

Interpretation of Relevant Law

The state of Wisconsin enacted a version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) effective July 20, 2009, The Board of Directors of the Organization has determined that its net assets with donor restrictions meet the definition of endowment funds under UPMIFA. The Organization 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. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with Wisconsin's enacted version of UPMIFA, the Organization 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
- 7) The investment policies of the Organization

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2022 AND 2021

12. ENDOWMENT FUNDS – Continued

Investment Policy

The Organization has adopted an investment policy for endowment assets that gives the Board of Directors the responsibility to act prudently and for the best long-term returns for the Organization and to monitor the investment fund management. Investments should be diversified as to minimize the risk of large losses unless under the circumstances it is clearly prudent to do so. Reasonable efforts should be taken to preserve capital and the purchasing power after spending, understanding that losses may occur in individual securities. Risk is present in all types of securities and investment styles and the Board of Directors recognizes some risk is necessary to produce long-term investment results. However, reasonable effort should be made to control risk. An evaluation will be done regularly to ensure risk assumed is commensurate with the given investment style and objective.

Board-Designated Endowments

TPE has established an Operations Endowment with the intention of providing annual support for administrative staff and overhead at TPE. The Board of Directors of TPE is responsible for the management and use of the fund. Annual distributions will commence after the target balance of \$1,000,000 is met.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2022 AND 2021

12. ENDOWMENT FUNDS – Continued

Donor-Restricted Endowments

Contributions to permanent endowment funds will be held in perpetuity, and distributions may only be made from earnings and market gains (“growth”). Annual disbursements from permanent endowments are allowed. Annual distributions are calculated as 4% of the twelve-quarter average principal amount (13-point average) in the endowment, measured on December 31st of the preceding year. From time to time, the fair value of the assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires to be retained as a fund of perpetual duration. In no case shall a disbursement be made which would cause the principal balance to drop below the value of donated funds.

The entire balance of a temporary endowment fund is available for distribution as needed, in accordance with the individual policy of the fund.

TPE will charge a 0.5% administration fee annually to all donor-restricted endowment funds.

Endowment net assets composition by type of fund as of December 31, 2022 and 2021, consisted of the following:

	December 31, 2022			December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated Endowment Funds	\$ 35,738	\$ -	\$ 35,738	\$ 42,349	\$ -	\$ 42,349
Donor-restricted Endowment Funds						
Easement Monitoring	-	63,278	63,278	-	58,904	58,904
Legal Defense	-	110,861	110,861	-	127,229	127,229
Thomson Internship	-	181,421	181,421	-	180,798	180,798
General Use	-	31,209	31,209	-	37,019	37,019
Kalscheur Savanna	-	20,470	20,470	-	25,115	25,115
Adelman-Schwartz	-	23,953	23,953	-	29,452	29,452
Double Oak Savanna	-	85,241	85,241	-	104,947	104,947
Empire Sauk	-	16,310	16,310	-	19,346	19,346
Wade Easement	-	148,915	148,915	-	176,636	176,636
Mounds View	-	1,318,546	1,318,546	-	799,776	799,776
Sugar River Oak Savanna	-	53,737	53,737	-	63,741	63,741
Handrick Grassland	-	22,685	22,685	-	24,535	24,535
TNC Sites	-	8,660	8,660	-	10,272	10,272
Fox Glove Savanna	-	6,496	6,496	-	7,705	7,705
Gail Van Haren	-	169,646	169,646	-	189,702	189,702
Rattlesnake Ridge	-	96,569	96,569	-	96,751	96,751
Southwest Chapter	-	265,631	265,631	-	321,627	321,627
Ellis Shining Oaks	-	34,781	34,781	-	42,746	42,746
Rogala CE	-	49,722	49,722	-	34,400	34,400
Sylvan Road	-	45,967	45,967	-	-	-
Total Funds	\$ 35,738	\$ 2,754,098	\$ 2,789,836	\$ 42,349	\$ 2,350,702	\$ 2,393,051

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2022 AND 2021

12. ENDOWMENT FUNDS – Continued

During the year ended December 31, 2022 and 2021, the Organization had the following endowment-related activities:

	December 31, 2022			December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	Endowment net assets, beginning of year	\$ 42,349	\$ 2,350,702	\$ 2,393,051	\$ 38,376	\$ 2,050,134
Contributions	-	794,951	794,951	-	103,775	103,775
Investment income (loss)	(6,611)	(365,823)	(372,434)	3,973	213,495	217,468
Appropriation of endowment assets for expenditure	-	(25,732)	(25,732)	-	(16,702)	(16,702)
Endowment net assets, end of year	<u>\$ 35,738</u>	<u>\$ 2,754,098</u>	<u>\$ 2,789,836</u>	<u>\$ 42,349</u>	<u>\$ 2,350,702</u>	<u>\$ 2,393,051</u>

13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity so that it is able to meet its operating needs. The following table reflects the Organization’s financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when not liquid or not convertible into cash within one year, are assets held for others, assets restricted by donors for specific uses, 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 designated amounts could be used within one year if approved by the Board of Directors.

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 619,236	\$ 577,726
Accounts receivable	30,270	48,146
Restricted cash and investments	3,247,176	3,753,218
Investments	<u>35,738</u>	<u>42,349</u>
Total financial assets	3,932,420	4,421,439
Less those unavailable for general expenditure within one year due to:		
Restricted cash and investments	(3,247,176)	(3,753,218)
Board-designated investments	<u>(35,738)</u>	<u>(42,349)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 649,506</u>	<u>\$ 625,872</u>

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2022 AND 2021

14. CONTINGENCIES

The Organization holds various conservation easements that may require the Organization to incur costs to monitor and defend the provisions of the easements. A Legal Defense Fund is maintained in case the Organization is called upon to defend an easement.

SUPPLEMENTARY INFORMATION

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	DECEMBER 31, 2022				DECEMBER 31, 2021			
	The Prairie	The Prairie	Eliminations	Total	The Prairie	The Prairie	Eliminations	Total
	Enthusiasts	Enthusiasts Trust			Enthusiasts	Enthusiasts Trust		
Assets								
Current Assets:								
Cash and cash equivalents	\$ 619,226	\$ 10	\$ -	\$ 619,236	\$ 577,716	\$ 10	\$ -	\$ 577,726
Accounts receivable	39,503	-	(9,233)	30,270	57,247	-	(9,101)	48,146
Grants receivable	190,087	-	-	190,087	212,733	-	-	212,733
Promises to give, net	59,797	-	-	59,797	194,667	-	-	194,667
Other assets	39,001	-	-	39,001	27,014	-	-	27,014
Total Current Assets	947,614	10	(9,233)	938,391	1,069,377	10	(9,101)	1,060,286
Property and Equipment:								
Land and improvements	11,337,188	-	-	11,337,188	9,583,658	-	-	9,583,658
Equipment	235,379	-	-	235,379	229,079	-	-	229,079
Ruth Hine Collection	1,500	-	-	1,500	1,500	-	-	1,500
Less: Accumulated depreciation	(261,482)	-	-	(261,482)	(251,703)	-	-	(251,703)
Net Property and Equipment	11,312,585	-	-	11,312,585	9,562,534	-	-	9,562,534
Other Assets:								
Restricted cash and investments	848,638	2,398,538	-	3,247,176	1,760,345	1,992,873	-	3,753,218
Promises to give, net	808	-	-	808	71,429	-	-	71,429
Investments	35,738	-	-	35,738	42,349	-	-	42,349
Total Other Assets	885,184	2,398,538	-	3,283,722	1,874,123	1,992,873	-	3,866,996
Total Assets	\$ 13,145,383	\$ 2,398,548	\$ (9,233)	\$ 15,534,698	\$ 12,506,034	\$ 1,992,883	\$ (9,101)	\$ 14,489,816
Liabilities and Net Assets								
Current Liabilities:								
Accounts payable	\$ 29,605	\$ 9,233	\$ (9,233)	\$ 29,605	\$ 34,756	\$ 9,101	\$ (9,101)	\$ 34,756
Refundable advances	26,080	-	-	26,080	5,866	-	-	5,866
Accrued salaries and expenses	39,997	-	-	39,997	39,300	-	-	39,300
Total Current Liabilities	95,682	9,233	(9,233)	95,682	79,922	9,101	(9,101)	79,922
Total Liabilities	95,682	9,233	(9,233)	95,682	79,922	9,101	(9,101)	79,922
Net Assets:								
Without donor restrictions								
Undesignated	1,184,359	10	-	1,184,369	992,126	10	-	992,136
Board-designated	35,738	-	-	35,738	42,349	-	-	42,349
With donor restrictions	11,829,604	2,389,305	-	14,218,909	11,391,637	1,983,772	-	13,375,409
Total Net Assets	13,049,701	2,389,315	-	15,439,016	12,426,112	1,983,782	-	14,409,894
Total Liabilities and Net Assets	\$ 13,145,383	\$ 2,398,548	\$ (9,233)	\$ 15,534,698	\$ 12,506,034	\$ 1,992,883	\$ (9,101)	\$ 14,489,816

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULE OF ACTIVITIES – WITHOUT DONOR RESTRICTIONS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Year Ended December 31, 2022				Year Ended December 31, 2021			
	The Prairie Enthusiasts	The Prairie Enthusiasts Trust	Eliminations	Total	The Prairie Enthusiasts	The Prairie Enthusiasts Trust	Eliminations	Total
	Net Assets Without Donor Restrictions							
Revenue, Gains, and Other Support								
Contributions	\$ 372,208	\$ -	\$ (15,466)	\$ 356,742	\$ 133,915	\$ 10	\$ (5,160)	\$ 128,765
Contributions of nonfinancial assets	24,831	-	-	24,831	343,930	-	-	343,930
Membership	24,091	-	-	24,091	112,837	-	-	112,837
Grants	194,843	-	-	194,843	315,344	-	-	315,344
Special events	46,325	-	-	46,325	45,085	-	-	45,085
Fee for services	41,757	-	-	41,757	61,809	-	-	61,809
USDA program income	51,742	-	-	51,742	47,581	-	-	47,581
Sales and rents	72,381	-	-	72,381	128,487	-	-	128,487
Investment income (loss)	(4,619)	-	-	(4,619)	8,667	-	-	8,667
Other	15,817	-	(9,234)	6,583	26,090	-	(9,101)	16,989
Net assets released from restrictions	390,576	24,700	-	415,276	280,690	14,261	-	294,951
Total Revenues, Gains, and Other Support	1,229,952	24,700	(24,700)	1,229,952	1,504,435	14,271	(14,261)	1,504,445
Expenses								
Program services	705,150	15,466	(15,466)	705,150	926,137	5,160	(5,160)	926,137
Supporting activities								
Operations and grant administration	228,305	9,234	(9,234)	228,305	145,981	9,101	(9,101)	145,981
Fundraising	110,875	-	-	110,875	151,030	-	-	151,030
Total Expenses	1,044,330	24,700	(24,700)	1,044,330	1,223,148	14,261	(14,261)	1,223,148
Change in Net Assets Without Donor Restrictions	185,622	-	-	185,622	281,287	10	-	281,297
Net Assets Without Donor Restrictions at Beginning of Year	1,034,475	10	-	1,034,485	753,188	-	-	753,188
Net Assets Without Donor Restrictions at End of Year	\$ 1,220,097	\$ 10	\$ -	\$ 1,220,107	\$ 1,034,475	\$ 10	\$ -	\$ 1,034,485

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULE OF ACTIVITIES – WITH DONOR RESTRICTIONS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Year Ended December 31, 2022				Year Ended December 31, 2021			
	The Prairie	The Prairie	Eliminations	Total	The Prairie	The Prairie	Eliminations	Total
	Enthusiasts	Trust			Enthusiasts	Trust		
<u>Net Assets With Donor Restrictions</u>								
Revenue, Gains, and Other Support								
Contributions	\$ 328,346	\$ 139,551	\$ -	\$ 467,897	\$ 1,153,415	\$ 97,775	\$ -	\$ 1,251,190
Membership	-	-	-	-	-	-	-	-
Grants	1,156,702	-	-	1,156,702	236,376	-	-	236,376
Special events	-	-	-	-	-	-	-	-
Fee for services	-	-	-	-	-	-	-	-
USDA program income	-	-	-	-	-	-	-	-
Sales and rents	-	-	-	-	-	-	-	-
Investment income (loss)	(56,505)	(309,318)	-	(365,823)	33,902	179,593	-	213,495
Other - Transfer	(600,000)	600,000	-	-	-	-	-	-
Net assets released from restrictions	(390,576)	(24,700)	-	(415,276)	(280,690)	(14,261)	-	(294,951)
Total Revenues, Gains, and Other Support	437,967	405,533	-	843,500	1,143,003	263,107	-	1,406,110
Change in Net Assets With Donor Restrictions	437,967	405,533	-	843,500	1,143,003	263,107	-	1,406,110
Net Assets With Donor Restrictions at Beginning of Year	11,391,637	1,983,772	-	13,375,409	10,248,634	1,720,665	-	11,969,299
Net Assets With Donor Restrictions at End of Year	\$ 11,829,604	\$ 2,389,305	\$ -	\$ 14,218,909	\$ 11,391,637	\$ 1,983,772	\$ -	\$ 13,375,409

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
SOURCES AND USES OF FUNDS RESTRICTED FOR ACQUISITIONS
MULTI-YEAR THROUGH DECEMBER 31, 2022 AND 2021

YEAR ENDED DECEMBER 31, 2022

	CAPITALIZED			OPEN			
	Goplin Addn to Erbe	Hanley Farm Trust	Total	Mueller Addn #2	Karow Prairie	Dower Prairie	Total
Income							
Government Grants - DNR	\$ 104,935	\$ 249,000	\$ 353,935	\$ -	\$ -	\$ -	\$ -
Government Grants - County	105,591	-	105,591	-	-	-	-
Government Grants - USFWS	-	684,288	684,288	-	-	-	-
Donated Land	-	-	-	-	-	-	-
Individual Contributions	-	1,534,759	1,534,759	-	-	-	-
Total Income	210,526	2,468,047	2,678,573	-	-	-	-
Expenses							
Purchase of Land	198,100	1,619,497	1,817,597	-	-	-	-
Appraisals	2,500	2,800	5,300	2,750	2,500	600	5,850
Surveys	5,400	2,235	7,635	-	-	-	-
Legal	3,479	6,393	9,872	-	-	-	-
Zoning & Permitting	-	-	-	-	-	-	-
Closing Costs	2,126	2,906	5,032	-	-	-	-
Legal Defense Fund	-	7,000	7,000	-	-	-	-
Easement Monitoring Fund	-	15,000	15,000	-	-	-	-
Land Management Endowment	-	600,000	600,000	-	-	-	-
Total Expenses	211,605	2,255,831	2,467,436	2,750	2,500	600	5,850
Net	\$ (1,079)	\$ 212,216	\$ 211,137	\$ (2,750)	\$ (2,500)	\$ (600)	\$ (5,850)

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
SOURCES AND USES OF FUNDS RESTRICTED FOR ACQUISITIONS
MULTI-YEAR THROUGH DECEMBER 31, 2022 AND 2021

YEAR ENDED DECEMBER 31, 2021

	<u>CAPITALIZED</u>		<u>OPEN</u>				
	Addition to Mounds View	Total	Hanley Farm Trust	Mueller Addn #2	Goplin Addn to Erbe	Dower Prairie	Total
Income							
Government Grants - DNR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost Reimb - DNR	-	-	-	-	-	-	-
Government Grants - County	-	-	-	-	-	-	-
Cost Reimb - County	-	-	-	-	-	-	-
Donated Land	-	-	-	-	-	-	-
Individual Contributions	24,088	24,088	1,115,445	-	-	-	1,115,445
Total Income	<u>24,088</u>	<u>24,088</u>	<u>1,115,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,115,445</u>
Expenses							
Purchase of Land	20,000	20,000	40,000	-	5,000	-	45,000
Appraisals	300	300	2,800	2,750	2,500	600	8,650
Surveys	1,100	1,100	-	-	-	-	-
Legal	1,058	1,058	3,261	-	953	-	4,214
Zoning & Permitting	-	-	-	-	-	-	-
Closing Costs	1,630	1,630	-	-	-	-	-
Total Expenses	<u>24,088</u>	<u>24,088</u>	<u>46,061</u>	<u>2,750</u>	<u>8,453</u>	<u>600</u>	<u>57,864</u>
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,069,384</u>	<u>\$ (2,750)</u>	<u>\$ (8,453)</u>	<u>\$ (600)</u>	<u>\$ 1,057,581</u>

COMPLIANCE SECTION

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>FEDERAL GRANTOR/PROGRAM TITLE/ PASS THROUGH GRANTOR</u>	<u>FEDERAL ASSISTANCE LISTING</u>	<u>PASS-THROUGH ENTITY ID NUMBER</u>	<u>EXPENDITURES</u>
<u>U.S. Department of the Interior</u>			
Wildlife Restoration	15.611		
State of Wisconsin Department of Natural Resources		Not Available	\$ 85,090
Cooperative Endangered Species Conservation Fund	15.615	Not Available	
State of Wisconsin Department of Natural Resources			<u>688,402</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 773,492</u></u>
<u>STATE GRANTOR/PROGRAM TITLE/ PASS THROUGH GRANTOR</u>	<u>STATE ID NUMBER</u>		<u>EXPENDITURES</u>
<u>Wisconsin Department of Natural Resources</u>			
Knowles-Nelson Stewardship Program	370.TA1		<u>\$ 353,935</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u><u>\$ 353,935</u></u>

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying "Schedule of Expenditures of Federal and State Awards" includes the federal and state grant activity of The Prairie Enthusiasts, Inc. and Supporting Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Guidelines. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2. FEDERAL AND STATE AGENCIES

The Organization's oversight agency for the audit is the U.S. Department of the Interior.

NOTE 3. INDIRECT COST RATE

The Organization does not use the 10 percent de Minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4. SUBRECIPIENTS

No awards were passed through to subrecipients.



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
The Prairie Enthusiasts, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Prairie Enthusiasts, Inc. and Supporting Organization (the “Organization”) which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 1, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contract and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
August 1, 2023



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE
STATE SINGLE AUDIT GUIDELINES**

To the Board of Directors
The Prairie Enthusiasts, Inc.

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited The Prairie Enthusiasts, Inc. and Supporting Organization’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the State Single Audit Guidelines that could have a direct and material effect on each of The Prairie Enthusiasts, Inc. and Supporting Organization’s major federal and state programs for the year ended December 31, 2022. The Prairie Enthusiasts, Inc. and Supporting Organization’s major federal and state programs are identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, The Prairie Enthusiasts, Inc. and Supporting Organization (the “Organization”) complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Guidelines. Those standards, the Uniform Guidance and the State Single Audit Guidelines are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization’s federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Guidelines will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Report on Internal Control Over Compliance (Continued)

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Guidelines. Accordingly, this report is not suitable for any other purpose.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
August 1, 2023

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

A. Summary of Audit Results

Financial Statements

Type of financial statement issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes

Identification of major program:

<u>Federal Assistance Listing</u>	<u>Name</u>
15.615	Cooperative Endangered Species Conservation Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

State Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Guidelines? No

Identification of major program:

<u>State ID Number</u>	<u>Name</u>
370.TA1	Wisconsin Department of Natural Resources – Knowles-Nelson Stewardship Program

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued
YEAR ENDED DECEMBER 31, 2022

B. Financial Statement Findings

None.

C. Findings and Questioned Costs – Major Federal Programs

There was one finding required to be reported under the Uniform Guidance.

2022-001

Condition: The Organization did not have written policies, procedures and standards of conduct relative to federal awards as required by Uniform Guidance (2 CFR 200), Subparts D (Post Federal Award Requirements) and E (Cost Principles).

Criteria: Uniform Guidance required nonfederal entities that receive federal awards establish written policies, procedures and standards of conduct.

Cause: The Organization lacks written policies, procedures or standards of conduct required by the current federal regulations.

Effect: Failure to establish these policies, procedures or standards of conduct puts the Organization in noncompliance with federal regulations and increases the likelihood of fraud, waste and abuse of federal funds. It also may increase the likelihood of findings in subsequent single audits due to lack of adequate internal controls.

Auditor's Recommendation: We recommend that the Organization adopts written policies, procedures and standards of conduct relative to federal awards as required by Uniform Guidance. We have provided sample policies to review and consider.

Management Response: The Organization will work with their auditor to develop and adopt written grant procedures that are in accordance with the Uniform Guidance.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued
YEAR ENDED DECEMBER 31, 2022

D. Findings and Questioned Costs – Major State Programs

There were no findings required to be reported under the State Single Audit Guidelines.

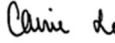
E. Other Issues

1. Does the auditor have substantial doubt as to the auditee’s ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e. material noncompliance, non-material noncompliance, questioned costs, material weaknesses, significant deficiencies, management letter comments, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the State Single Audit Guidelines,:

 Department of Natural Resources? No

3. Was a management letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of partner 

5. Date of report Carrie Leonard, CPA
August 1, 2023