



JOHNSON BLOCK

CPAs

The Prairie
Enthusiasts

THE PRAIRIE ENTHUSIASTS, INC.
AND SUPPORTING ORGANIZATION

Viroqua, Wisconsin

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

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

TABLE OF CONTENTS

December 31, 2020

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7
SUPPLEMENTARY INFORMATION	
Consolidating Schedule of Financial Position	19
Consolidating Schedule of Activities	20
Sources and Uses of Funds Restricted for Acquisitions	22



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of The Prairie Enthusiasts, Inc. (a nonprofit organization) and Supporting Organization which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 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, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on 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 19-21 and the information related to easement and land acquisitions on page 22 is presented for the purposes of additional analysis of the consolidated financial statements rather than presenting the financial position, changes in net assets, and cash flows of the individual organizations and it 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
June 30, 2021

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

<u>Assets</u>	
Current Assets:	
Cash and cash equivalents	\$ 578,860
Accounts receivable	70,848
Other assets	<u>29,836</u>
Total Current Assets	<u>679,544</u>
Property and Equipment:	
Land and improvements	9,479,935
Equipment	227,055
Ruth Hine Collection	1,500
Less: Accumulated depreciation	<u>(260,531)</u>
Net Property and Equipment	<u>9,447,959</u>
Other Assets:	
Restricted cash and investments	2,624,364
Investments	<u>38,376</u>
Total Other Assets	<u>2,662,740</u>
Total Assets	<u>\$ 12,790,243</u>
<u>Liabilities and Net Assets</u>	
Current Liabilities:	
Accounts payable	\$ 23,806
Refundable advances	6,465
Accrued salaries and expenses	<u>37,485</u>
Total Current Liabilities	<u>67,756</u>
Total Liabilities	<u>67,756</u>
Net Assets:	
Without donor restrictions	
Undesignated	714,812
Board-designated	38,376
With donor restrictions	<u>11,969,299</u>
Total Net Assets	<u>12,722,487</u>
Total Liabilities and Net Assets	<u>\$ 12,790,243</u>

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

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 171,333	\$ 448,231	\$ 619,564
Membership	141,423	-	141,423
Grants	197,702	24,719	222,421
Special events	26,230	-	26,230
Fee for services	149,972	-	149,972
USDA program income	53,083	-	53,083
Sales and rents	39,967	-	39,967
Investment income (loss)	5,559	249,796	255,355
Other	140	-	140
Net assets released from restrictions	281,298	(281,298)	-
Total Revenues, Gains and Other Support	1,066,707	441,448	1,508,155
Expenses			
Program services	636,614	-	636,614
Supporting activities:			
Operations and grant administration	153,141	-	153,141
Fundraising	100,146	-	100,146
Total Expenses	889,901	-	889,901
Change in Net Assets	176,806	441,448	618,254
Net Assets - Beginning of Year	576,382	11,527,851	12,104,233
Net Assets - End of Year	\$ 753,188	\$ 11,969,299	\$ 12,722,487

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

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Operations and Grant Administration	Fundraising	Total Expenses
Expenses				
Land management	\$ 183,356	\$ -	\$ -	\$ 183,356
Personnel	376,801	70,613	25,698	473,112
Meetings and programs	19,858	1,220	3,079	24,157
Operating expenses	29,739	10,466	9,377	49,582
Fees and services	8,474	70,842	61,992	141,308
Depreciation	10,855	-	-	10,855
Real estate taxes	7,531	-	-	7,531
	<u>636,614</u>	<u>153,141</u>	<u>100,146</u>	<u>889,901</u>
Total Functional Expenses	<u>\$ 636,614</u>	<u>\$ 153,141</u>	<u>\$ 100,146</u>	<u>\$ 889,901</u>

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

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flows from Operating Activities:

Increase (Decrease) in Net Assets	\$ 618,254
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	10,855
Loss (gain) on sale of property and equipment	1,162
Property donated and included in contributions	(13,925)
Changes in Operating Assets and Liabilities:	
Accounts receivable	(24,484)
Other assets	4,417
Accounts payable	18,748
Refundable advances	2,615
Accrued salaries and expenses	14,927
Net cash provided by (used in) operating activities	632,569

Cash Flows from Investing Activities:

Purchase of property and equipment	(29,304)
Proceeds from sale of property and equipment	500
Net change in cash and investments restricted for long-term purposes	(482,739)
Net change in board-designated cash and investments	(4,635)
Net cash provided by (used in) investing activities	(516,178)
Increase (decrease) in cash and cash equivalents	116,391
Cash and cash equivalents at beginning of year	462,469
Cash and cash equivalents at end of year	\$ 578,860

Supplemental Cash Flow Disclosures:

Contributed property and equipment	\$ 13,925
------------------------------------	-----------

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, 2020

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, 2020

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 statement 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, 2020, the Organization did not have any promises to give.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2020

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 statement 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 value.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2020

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 market 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, 2020, donated goods and services received by the Organization meeting the above criteria were valued at \$71,556. 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. The cost of conservation easements is expensed when the easement is acquired or contributed. There were no conservation easements expensed in 2020.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and consolidated statement 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.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through June 30, 2021, the date the consolidated financial statements were available to be issued.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2020

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 year ended December 31, 2020:

Refundable advances, beginning of year	\$ 3,850
Prior year refundable advances recognized as revenue	(3,850)
Increase in refundable advances due to cash received during the period	<u>6,465</u>
Refundable advances, end of year	<u>\$ 6,465</u>

3. RESTRICTED CASH AND INVESTMENTS

Cash and investments are restricted as follows at December 31, 2020:

Restricted Cash	
Land management	\$ 196,854
Land protection	346,374
Education and outreach	<u>21,950</u>
Total restricted cash	<u>565,178</u>
Restricted Investments	
Easement monitoring	54,606
Legal defense	115,913
Thomson Internship Endowment	160,418
Land management	<u>1,728,249</u>
Total restricted investments	<u>2,059,186</u>
Total restricted cash and investments	<u>\$ 2,624,364</u>

4. 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, 2020, are comprised of the following:

	Fair Market Value	Cost
Cash	\$ 35,628	\$ 35,628
Equities	1,259,640	950,585
U.S. Government Bonds	<u>802,294</u>	<u>751,714</u>
Total	<u>\$ 2,097,562</u>	<u>\$ 1,737,927</u>

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2020

4. INVESTMENTS – Continued

Investment income (loss) for the year ended December 31, 2020, is summarized as follows:

Interest and dividends	\$ 8,821
Net realized and unrealized gains (losses)	251,468
Investment expenses	<u>(4,934)</u>
Total	<u>\$ 255,355</u>

5. FAIR VALUES MEASURED ON RECURRING BASIS

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

	Fair Market Value	Level 1
Equities	\$ 1,259,640	\$ 1,259,640
U.S. Government Bonds	<u>802,294</u>	<u>802,294</u>
Total	<u>\$ 2,061,934</u>	<u>\$ 2,061,934</u>

6. 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, 2020, the Organization did not have any cash and cash equivalents 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, 2020, the Organization held uninsured investment balances of \$2,063,164.

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.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2020

7. FIXED ASSETS

Changes in fixed assets and accumulated depreciation during 2020 are summarized below:

	Land and Improvements	Equipment	Hine Collection	Accumulated Depreciation
Balance January 1, 2020	\$ 9,436,706	\$ 233,395	\$ 1,500	\$ 254,354
Additions	43,229	-	-	-
Disposals	-	(6,340)	-	(4,678)
Depreciation	-	-	-	10,855
Balance December 31, 2020	<u>\$ 9,479,935</u>	<u>\$ 227,055</u>	<u>\$ 1,500</u>	<u>\$ 260,531</u>

Depreciation expense for the year ended December 31, 2020, was \$10,855.

8. NET ASSETS

Net assets with donor restrictions at December 31, 2020, are available for the following purposes:

Thomson Endowment	\$ 159,704
Legal defense fund	115,400
Education and outreach	21,950
Easement monitoring	54,365
Land management activities	1,917,518
Land protection	346,374
Land and improvements	<u>9,353,988</u>
Total	<u>\$ 11,969,299</u>

9. LEASED FACILITIES

The Organization leases office space in Viroqua, Wisconsin on a month-to-month basis. The Organization paid \$6,300 in rental expense for office space in 2020.

10. PAYCHECK PROTECTION PROGRAM

In April 2020, the Organization entered into a Paycheck Protection Program loan agreement with a local financial institution in the amount of \$60,416, the proceeds of which were to be used for payroll costs, rent obligations, and utility payments. The loan was scheduled to mature April 2022 and monthly payments of principal and 1.00% interest were to begin November 2020. The Organization has deemed the proceeds of this loan, 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. In October 2020, the entire balance of the loan was forgiven and has been recognized as revenue in the consolidated statement of activities.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2020

10. PAYCHECK PROTECTION PROGRAM - Continued

In April 2021, the Organization entered into an additional Paycheck Protection Program loan agreement 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 loan is scheduled to mature April 2026. Some or all of this loan may be forgiven if certain conditions set forth by the Small Business Administration are met.

11. 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, 2020

11. 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.

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.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2020

11. ENDOWMENT FUNDS – Continued

Endowment net assets composition by type of fund as of December 31, 2020, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated Endowment Funds	\$ 38,376	\$ -	\$ 38,376
Donor-restricted Endowment Funds			
Easement Monitoring	-	54,365	54,365
Legal Defense	-	115,400	115,400
Thomson Internship	-	159,704	159,704
General Use	-	33,693	33,693
Kalscheur Savanna	-	24,072	24,072
Adelman-Schwartz	-	27,227	27,227
Double Oak Savanna	-	98,705	98,705
Empire Sauk	-	17,608	17,608
Wade Easement	-	160,767	160,767
Mounds View	-	727,924	727,924
Sugar River Oak Savanna	-	58,015	58,015
Handrick Grassland	-	20,511	20,511
TNC Sites	-	9,350	9,350
Fox Glove Savanna	-	7,013	7,013
Gail Van Haren	-	163,041	163,041
Rattlesnake Ridge	-	78,047	78,047
Southwest Chapter	-	233,575	233,575
Ellis Shining Oaks	-	38,906	38,906
Rogala CE	-	22,211	22,211
Total Funds	\$ 38,376	\$ 2,050,134	\$ 2,088,510

During the year ended December 31, 2020, the Organization had the following endowment-related activities:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 33,741	\$ 1,802,327	\$ 1,836,068
Contributions	-	23,514	23,514
Investment income (loss)	4,635	249,796	254,431
Appropriation of endowment assets for expenditure	-	(25,503)	(25,503)
Endowment net assets, end of year	\$ 38,376	\$ 2,050,134	\$ 2,088,510

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2020

12. 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, 2020, 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 restricted amounts could be used within one year if approved by the Board of Directors.

Financial assets:

Cash and cash equivalents	\$	578,860
Accounts receivable		70,848
Restricted cash and investments		2,624,364
Investments		<u>38,376</u>
Total financial assets		3,312,448

Less those unavailable for general expenditure within one year due to:

Restricted cash and investments		(2,624,364)
Board-restricted investments		<u>(38,376)</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 649,708

13. 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.

The spread of the COVID-19 virus has created economic uncertainty internationally. Additional future impacts and actions as the pandemic progresses have not been determined, and the Organization continues to evaluate issues as they arise.

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Continued
DECEMBER 31, 2020

14. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which requires recognition of rights and obligations from lease contracts longer than one year as assets and liabilities on the statement of net position. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021.
- Accounting Standards Update (ASU) No. 2020-07, *Not-For-Profit Entities* (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets, which requires presentation and disclosure of contributed nonfinancial assets received. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021.

When they become effective, application of these standards may restate portions of these consolidated financial statements.

SUPPLEMENTARY INFORMATION

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2020

	The Prairie Enthusiasts	The Prairie Enthusiasts Trust	Eliminations	Total
<u>Assets</u>				
Current Assets:				
Cash and cash equivalents	\$ 578,860	\$ -	\$ -	\$ 578,860
Accounts receivable	78,432	-	(7,584)	70,848
Other assets	29,836	-	-	29,836
Total Current Assets	687,128	-	(7,584)	679,544
Property and Equipment:				
Land and improvements	9,479,935	-	-	9,479,935
Equipment	227,055	-	-	227,055
Ruth Hine Collection	1,500	-	-	1,500
Less: Accumulated depreciation	(260,531)	-	-	(260,531)
Net Property and Equipment	9,447,959	-	-	9,447,959
Other Assets:				
Restricted cash and investments	896,115	1,728,249	-	2,624,364
Investments	38,376	-	-	38,376
Total Other Assets	934,491	1,728,249	-	2,662,740
Total Assets	\$ 11,069,578	\$ 1,728,249	\$ (7,584)	\$ 12,790,243
<u>Liabilities and Net Assets</u>				
Current Liabilities:				
Accounts payable	\$ 23,806	\$ 7,584	\$ (7,584)	\$ 23,806
Refundable advances	6,465	-	-	6,465
Accrued salaries and expenses	37,485	-	-	37,485
Total Current Liabilities	67,756	7,584	(7,584)	67,756
Total Liabilities	67,756	7,584	(7,584)	67,756
Net Assets:				
Without donor restrictions				
Undesignated	714,812	-	-	714,812
Board-designated	38,376	-	-	38,376
With donor restrictions	10,248,634	1,720,665	-	11,969,299
Total Net Assets	11,001,822	1,720,665	-	12,722,487
Total Liabilities and Net Assets	\$ 11,069,578	\$ 1,728,249	\$ (7,584)	\$ 12,790,243

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULE OF ACTIVITIES – WITHOUT DONOR RESTRICTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>The Prairie Enthusiasts</u>	<u>The Prairie Enthusiasts Trust</u>	<u>Eliminations</u>	<u>Total</u>
<u>Net Assets Without Donor Restrictions</u>				
Revenue, Gains, and Other Support				
Contributions	\$ 175,565	\$ -	\$ (4,232)	\$ 171,333
Membership	141,423	-	-	141,423
Grants	197,702	-	-	197,702
Special events	26,230	-	-	26,230
Fee for services	149,972	-	-	149,972
USDA program income	53,083	-	-	53,083
Sales and rents	39,967	-	-	39,967
Investment income (loss)	5,559	-	-	5,559
Other	7,724	-	(7,584)	140
Net assets released from restrictions	<u>269,482</u>	<u>11,816</u>	<u>-</u>	<u>281,298</u>
Total Revenues, Gains, and Other Support	<u>1,066,707</u>	<u>11,816</u>	<u>(11,816)</u>	<u>1,066,707</u>
Expenses				
Program services	636,614	4,232	(4,232)	636,614
Supporting activities				
Operations and grant administration	153,141	7,584	(7,584)	153,141
Fundraising	<u>100,146</u>	<u>-</u>	<u>-</u>	<u>100,146</u>
Total Expenses	<u>889,901</u>	<u>11,816</u>	<u>(11,816)</u>	<u>889,901</u>
Change in Net Assets Without Donor Restrictions	176,806	-	-	176,806
Net Assets Without Donor Restrictions at Beginning of Year	<u>576,382</u>	<u>-</u>	<u>-</u>	<u>576,382</u>
Net Assets Without Donor Restrictions at End of Year	<u>\$ 753,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 753,188</u>

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULE OF ACTIVITIES – WITH DONOR RESTRICTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>The Prairie Enthusiasts</u>	<u>The Prairie Enthusiasts Trust</u>	<u>Eliminations</u>	<u>Total</u>
<u>Net Assets With Donor Restrictions</u>				
Revenue, Gains, and Other Support				
Contributions	\$ 429,619	\$ 18,612	\$ -	\$ 448,231
Membership	-	-	-	-
Grants	24,719	-	-	24,719
Special events	-	-	-	-
Fee for services	-	-	-	-
USDA program income	-	-	-	-
Sales and rents	-	-	-	-
Investment income (loss)	41,537	208,259	-	249,796
Other	-	-	-	-
Net assets released from restrictions	(269,482)	(11,816)	-	(281,298)
Total Revenues, Gains, and Other Support	<u>226,393</u>	<u>215,055</u>	<u>-</u>	<u>441,448</u>
 Change in Net Assets With Donor Restrictions	 226,393	 215,055	 -	 441,448
 Net Assets With Donor Restrictions at Beginning of Year	 <u>10,022,241</u>	 <u>1,505,610</u>	 <u>-</u>	 <u>11,527,851</u>
 Net Assets With Donor Restrictions at End of Year	 <u>\$ 10,248,634</u>	 <u>\$ 1,720,665</u>	 <u>\$ -</u>	 <u>\$ 11,969,299</u>

THE PRAIRIE ENTHUSIASTS, INC. AND SUPPORTING ORGANIZATION
SOURCES AND USES OF FUNDS RESTRICTED FOR ACQUISITIONS
MULTI-YEAR THROUGH DECEMBER 31, 2020

	CAPITALIZED		OPEN				
	Foslin Addition to Avon Ridge	Total	Hanley Farm Trust	Mueller Addn #2	Goplin Addn to Erbe	Dower Prairie	Total
Income							
Government Grants - DNR	\$ 12,750	\$ 12,750	\$ -	\$ -	\$ -	\$ -	\$ -
Cost Reimb - DNR	693	693	-	-	-	-	-
Government Grants - County	-	-	-	-	-	-	-
Cost Reimb - County	-	-	-	-	-	-	-
Donated Land	-	-	-	-	-	-	-
Individual Contributions	<u>13,780</u>	<u>13,780</u>	<u>346,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>346,113</u>
Total Income	27,223	27,223	346,113	-	-	-	346,113
Expenses							
Purchase of Land	25,500	25,500	-	-	-	-	-
Appraisals	1,000	1,000	2,800	2,750	2,500	600	8,650
Surveys	2,419	2,419	-	-	-	-	-
Legal	-	-	2,664	-	-	-	2,664
Zoning & Permitting	-	-	-	-	-	-	-
Closing Costs	<u>385</u>	<u>385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>29,304</u>	<u>29,304</u>	<u>5,464</u>	<u>2,750</u>	<u>2,500</u>	<u>600</u>	<u>11,314</u>
Net	<u>\$ (2,081)</u>	<u>\$ (2,081)</u>	<u>\$ 340,649</u>	<u>\$ (2,750)</u>	<u>\$ (2,500)</u>	<u>\$ (600)</u>	<u>\$ 334,799</u>