

NEBRASKA TRAILS
FOUNDATION, INC.

FINANCIAL STATEMENTS

With Independent Auditor's Report Thereon

December 31, 2015

NEBRASKA TRAILS FOUNDATION, INC.

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Florell & Barnhard, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of
Nebraska Trails Foundation, Inc.
Lincoln, NE

We have audited the accompanying financial statements of Nebraska Trails Foundation, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nebraska Trails Foundation, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Flourell & Barnhart, P.C.

Lincoln, NE
November 14, 2016

NEBRASKA TRAILS FOUNDATION, INC.
Statement of Financial Position
December 31, 2015

Assets

Current Assets:	
Cash and cash equivalents	\$ 362,913
Certificates of deposit	756,007
Vanguard investment	46,753
Total current assets	<u>1,165,673</u>
 Other Assets:	
Land	<u>201,596</u>
Total other assets	<u>201,596</u>
 Total assets	 \$ <u><u>1,367,269</u></u>

Net Assets

Accounts payable	\$ <u>82,615</u>
Total liabilities	<u>82,615</u>
 Net Assets:	
Unrestricted undesignated funds	\$ 363,412
Temporarily restricted funds	873,313
Permanently restricted funds	47,929
Total net assets	<u>1,284,654</u>
 Total liabilities and net assets	 \$ <u><u>1,367,269</u></u>

See independent auditor's report and accompanying notes to financial statements.

NEBRASKA TRAILS FOUNDATION, INC.
Statement of Activities
For the Year Ended December 31, 2015

	<u>Unrestricted Undesignated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Donations	\$ 2,177	\$ 308,885	\$ -	\$ 311,062
Miscellaneous income	-	865	-	865
Interest income	11,594	-	1	11,595
Dividend income	-	-	2,897	2,897
Net unrealized loss on investments	-	-	(2,871)	(2,871)
Total support and revenue	13,771	309,750	27	323,548
Expenses:				
Program services	\$ 15,824	\$ 812,835	\$ -	\$ 828,659
Total expenses	15,824	812,835	-	828,659
Increase (decrease) in net assets	(2,053)	(503,085)	27	(505,111)
Net assets at beginning of year	365,465	1,376,398	47,902	1,789,765
Net assets at end of year	\$ 363,412	\$ 873,313	\$ 47,929	\$ 1,284,654

See independent auditor's report and accompanying notes to financial statements.

NEBRASKA TRAILS FOUNDATION, INC.
Statement of Cash Flows
For the Year Ended December 31, 2015

Cash Flows from Operating Activities:		
Increase (Decrease) in net assets	\$	(505,111)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by Operating activities:		
Unrealized losses on investments		2,871
Increase (decrease) in liabilities:		
Accounts payable		<u>82,615</u>
Net Cash (Used) by Operating Activities		<u>(419,625)</u>
Cash Flows from Investing Activities:		
Redemption of certificates of deposit		207,620
Vanguard investment		<u>(2,897)</u>
Net Cash Provided by Investing Activities		<u>204,723</u>
Net Increase in Cash and Cash Equivalents		(214,902)
Cash and cash equivalents at beginning of year		<u>577,815</u>
Cash and cash equivalents at end of year	\$	<u><u>362,913</u></u>

See independent auditor's report and accompanying notes to financial statements.

NEBRASKA TRAILS FOUNDATION, INC.

Notes to Financial Statements

December 31, 2015

A. Organizational Structure

Nature of Activities - Nebraska Trails Foundation, Inc. (the Organization) is a not-for-profit organization, which operates for charitable purposes including the solicitation of funding for the acquisition, development and promotion of multi-use recreational trails and park lands adjacent to the trails within the State of Nebraska.

B. Summary of Significant Accounting Policies

Revenue Recognition - The accompanying financial statements are prepared on the accrual basis of accounting. Under that basis, income is recognized when it becomes available and measurable, and expenses are recognized when the liability is incurred, if measurable.

Income Taxes - No provision has been made for income taxes in the financial statements. The Organization is a not-for-profit organization that is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after they were filed.

Cash and Cash Equivalents - The Organization considers cash in operating bank accounts, certificates of deposits that are redeemed or mature within three months of the end of the year and temporary investments with a maturity of three months or less to be cash and cash equivalents.

Fair Value Measurements for Investments - The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets fall within three different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the assets. Investments recorded in the financial statements are categorized based on the inputs to valuation techniques as follows:

NEBRASKA TRAILS FOUNDATION, INC.

Notes to Financial Statements

December 31, 2015

B. Summary of Significant Accounting Policies (continued)

Fair Value Measurements for Investments (continued)

Level 1 - These are assets where values are based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access. All investments currently held by the Organization are considered to be Level 1.

Level 2 - These are assets where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the assets. The Organization currently has no Level 2 assets.

Level 3 - These are assets where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the assets. The Organization currently has no Level 3 assets.

The fair value of investments totaled \$46,753 at December 31, 2015.

The following schedule summarizes investment returns and their classification in the statement of activities for the year ended December 31, 2015.

	<u>Unrestricted</u>	<u>Temp. Restricted</u>	<u>Perm. Restricted</u>	<u>Total</u>
Net realized & unrealized losses	\$ -	\$ -	\$ (2,871)	\$ (2,871)
Total investment return	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,871)</u>	<u>\$ (2,871)</u>

Land - Land that has been purchased for future trail development is stated at cost. Any costs that do not materially add value to the property are expensed as incurred.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NEBRASKA TRAILS FOUNDATION, INC.

Notes to Financial Statements

December 31, 2015

B. Summary of Significant Accounting Policies (continued)

Financial Statement Presentation - The Organization has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

The Organization's net assets for December 31, 2015 are unrestricted, temporarily restricted, and permanently restricted.

- C. Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.
- D. Cash and Cash Equivalents - Cash and cash equivalents consist of two checking accounts and three short-term interest-bearing accounts. At December 31, 2015, the balances of the checking and short-term interest-bearing accounts are \$144,992 and \$217,921 respectively.
- E. Temporarily Restricted Funds - These are funds that have been set aside for the acquisition, development and promotion of specific multi-use recreational trails and adjoining park lands in Nebraska. These funds are not available for operating purposes.
- F. Endowment Fund - Permanently restricted net assets at December 31, 2015 consist of an endowment fund established in 2009 to support and promote the recreational trail system in Nebraska. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Organization indefinitely and income from the fund is to be expended for the trail system expenses.

NEBRASKA TRAILS FOUNDATION, INC.

Notes to Financial Statements

December 31, 2015

- G. Certificates of Deposit - The Organization has seven certificates of deposit totaling \$756,007 at December 31, 2015 that did not mature within three months after the end of the year. Face values at December 31, 2015, maturity dates and interest rates are as follows:

	<u>Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
CD #019051334	\$104,924	July 17, 2019	1.98%
CD #019051375	\$104,017	July 17, 2018	1.24%
CD #30352	\$105,209	October 1, 2016	1.09%
CD #30360	\$107,657	January 1, 2017	1.19%
CD #693196	\$102,850	July 16, 2018	0.45%
CD #2300026027	\$ 53,190	February 9, 2018	0.90%
CD #2300027319	\$178,160	August 11, 2017	0.70%

- H. Concentration of Credit Risk - The Organization maintains its cash and certificates of deposit at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015, all cash balances were insured.

- I. Vanguard Investment - At December 31, 2015, investments were composed of the following:

<u>Description</u>	<u>Fair Cost</u>	<u>Fair Value</u>	<u>Net Unrealized Gain/Loss</u>
Equity securities (stocks)	<u>\$36,683</u>	<u>\$46,753</u>	<u>\$10,070</u>

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2015 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Equity securities (stocks)	<u>\$46,753</u>	<u>\$46,753</u>

- J. Contributed Services - A number of volunteers have donated substantial amounts of their time to perform a variety of tasks that assist the Organization. It is not practical to measure the value of these services.

- K. Subsequent Events - The Organization has evaluated subsequent events through November 14, 2016, the date which the financial statements were available to be issued. During October 2016, CD #30352 was redeemed for \$105,977 and was not renewed.

SUPPLEMENTARY SCHEDULE

NEBRASKA TRAILS FOUNDATION, INC.
 Schedule of Functional Expenses
 For the Year Ended December 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Credit card fees	\$ 107	\$ -	\$ -	\$ 107
Insurance	1,358	-	-	1,358
Office	140	-	-	140
Postage	49	-	-	49
Professional fees	6,530	-	-	6,530
Trail construction & trail maintenance	<u>820,475</u>	<u>-</u>	<u>-</u>	<u>820,475</u>
	<u>\$ 828,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 828,659</u>

See independent auditor's report.