

NEBRASKA TRAILS
FOUNDATION, INC.

FINANCIAL STATEMENTS

With Independent Auditor's Report Thereon

December 31, 2016

NEBRASKA TRAILS FOUNDATION, INC.

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Florell & Barnhard, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

We have audited the accompanying statement of financial statements of Nebraska Trails Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and the related statements of activities and cash flows for the year then ended.

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 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, 2016 and the changes in its net assets and its cash flows for the year then ended in accordance with the 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 financial statements as a whole. The schedule of functional expenses on page 11 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

Florell & Barnhard, P.C.

Lincoln, NE
November 1, 2017

NEBRASKA TRAILS FOUNDATION, INC.
Statement of Financial Position
December 31, 2016

Assets

Current Assets:	
Cash and cash equivalents	\$ 194,479
Certificates of deposit	315,650
Vanguard investment	51,926
Wells Fargo investment	440,026
Total current assets	1,002,081
Other Assets:	
Land	76,471
Total other assets	76,471
Total assets	\$ 1,078,552

Net Assets

Accounts payable	\$ 3,665
Total liabilities	3,665
Net Assets:	
Unrestricted:	
Undesignated	\$ 145,753
Board designated	204,019
Total Unrestricted	349,772
Temporarily restricted	672,013
Permanently restricted	53,102
Total net assets	1,074,887
Total liabilities and net assets	\$ 1,078,552

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

NEBRASKA TRAILS FOUNDATION, INC.
Statement of Activities
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Donations	\$ 26,216	\$ 562,666	\$ -	\$ 588,882
Interest income	7,163	-	1	7,164
Dividend income	-	-	2,257	2,257
Other income/transfers	50	10	-	60
Net realized and unrealized gain(loss) on investments	<u>(423)</u>	<u>-</u>	<u>2,915</u>	<u>2,492</u>
Total support and revenue	33,006	562,676	5,173	600,855
Expenses:				
Program services	\$ <u>46,646</u>	\$ <u>763,976</u>	\$ <u>-</u>	\$ <u>810,622</u>
Total expenses	46,646	763,976	-	810,622
Increase (decrease) in net assets	<u>(13,640)</u>	<u>(201,300)</u>	<u>5,173</u>	<u>(209,767)</u>
Net assets at beginning of year	<u>363,412</u>	<u>873,313</u>	<u>47,929</u>	<u>1,284,654</u>
Net assets at end of year	\$ <u><u>349,772</u></u>	\$ <u><u>672,013</u></u>	\$ <u><u>53,102</u></u>	\$ <u><u>1,074,887</u></u>

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, 2016

Cash Flows from Operating Activities:	
Increase (decrease) in net assets	\$ (209,767)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by Operating Activities:	
Transfer of land to Platte Peer Group	125,125
Vanguard unrealized (gain) on investment	(2,915)
Wells Fargo realized and unrealized losses on investment	423
Vanguard investment gains	(2,258)
Increase (decrease) in liabilities:	
Accounts payable	<u>(78,950)</u>
Net Cash (Used) by Operating Activities	<u>(168,342)</u>
Cash Flows from Investing Activities:	
Redemption of certificates of deposit	439,879
Purchases of Wells Fargo investments, net	<u>(439,971)</u>
Net Cash (Used) by Investing Activities	<u>(92)</u>
Net (Decrease) in Cash and Cash Equivalents	(168,434)
Cash and cash equivalents at beginning of year	<u>362,913</u>
Cash and cash equivalents at end of year	\$ <u><u>194,479</u></u>

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

NEBRASKA TRAILS FOUNDATION, INC.

Notes to Financial Statements

December 31, 2016

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 2013, 2014 and 2015 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, 2016

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.

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.

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.

NEBRASKA TRAILS FOUNDATION, INC.

Notes to Financial Statements

December 31, 2016

B. Summary of Significant Accounting Policies (continued)

The Organization's net assets for December 31, 2016 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, 2016, the balances of the checking and short-term interest-bearing accounts are \$85,644 and \$108,835 respectively.

E. Unrestricted Funds - These are net assets that are not subject to donor imposed stipulations. In 2016, the Board designated \$204,019 of these funds towards the Jane Snyder Bequest.

F. 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.

G. Endowment Fund - Permanently restricted net assets at December 31, 2016 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.

H. Certificates of Deposit - The Organization has three certificates of deposit totaling \$315,650 at December 31, 2016 that did not mature within three months after the end of the year. Face values at December 31, 2016, maturity dates and interest rates are as follows:

	<u>Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
CD #019051334	\$107,021	July 17, 2019	1.98%
CD #019051375	\$105,314	July 17, 2018	1.24%
CD #693196	\$103,315	July 16, 2018	0.45%

I. Transfer of Land - In March 2016, the Organization transferred the Hamilton County and Merrick County land to the Platte Peer Group for the Dark Island trail project. The land was stated at a cost of \$125,125.

NEBRASKA TRAILS FOUNDATION, INC.

Notes to Financial Statements

NE December 31, 2016

J. 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, 2016, all cash balances were insured.

K. Fair Value of Investments - The following table reflects fair value measurements of assets at December 31, 2016, as categorized by level of the fair value hierarchy:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Vanguard investment (Endowment Fund)	\$ 51,926	\$ -	\$ -
Wells Fargo investment	<u>440,026</u>	<u>-</u>	<u>-</u>
Total Investments	\$ <u>491,952</u>	\$ <u>-</u>	\$ <u>-</u>

L. Vanguard Investment - At December 31, 2016, the endowment fund is composed of the following:

<u>Description</u>	<u>Fair Cost</u>	<u>Fair Value</u>	<u>Investment Return</u>
Equity securities (stocks)	\$ <u>46,753</u>	\$ <u>51,926</u>	\$ <u>5,173</u>

The following schedule summarizes investment return for the endowment fund with Vanguard and their classification in the statement of activities for the year ended December 31, 2016.

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest & dividend income	\$ -	\$ 2,258	\$ 2,258
Net realized & unrealized gains	<u>-</u>	<u>2,915</u>	<u>2,915</u>
Total Investment Return	<u>-</u>	<u>5,173</u>	<u>5,173</u>

NEBRASKA TRAILS FOUNDATION, INC.

Notes to Financial Statements

December 31, 2016

- M. Wells Fargo Investment - At December 31, 2016, the Organization maintains an investment account at Wells Fargo, which consists of the following:

<u>Description</u>	<u>Fair Cost</u>	<u>Fair Value</u>	<u>Investment Return</u>
Cash sweep account	\$ 40,708	\$ 40,708	\$ -
Fixed income securities	<u>399,316</u>	<u>399,318</u>	<u>2</u>
Total	\$ <u>440,024</u>	\$ <u>440,026</u>	\$ <u>2</u>

Fixed income securities consist of the following four certificates of deposit:

	<u>Fair Value</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
CD #1	\$ 99,908	June 9, 2017	0.70%
CD #2	\$ 99,570	January 22, 2018	0.85%
CD #3	\$ 99,840	December 14, 2018	1.45%
CD #4	\$100,000	January 7, 2019	1.55%

The following schedule summarizes investment return for the Wells Fargo investment account and their classification in the statement of activities for the year ended December 31, 2016.

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest income	\$ 425	\$ -	\$ 425
Net realized & unrealized losses	<u>(423)</u>	<u>-</u>	<u>(423)</u>
Total Investment Return	\$ <u>2</u>	\$ <u>-</u>	\$ <u>2</u>

- N. 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.
- O. Subsequent Events - The Organization has evaluated subsequent events through November 1, 2017 the date which the financial statements were available to be issued. During January 2017, CD #30360 was redeemed for \$108,836 and was not renewed. During June 2017, Wells Fargo CD #1 was reinvested at 1.65% and has a new maturity date of June 14, 2019. On May 10, 2017, Chief Standing Bear Trail land and bridges were transferred to the Ponca Tribe of Nebraska.

SUPPLEMENTARY SCHEDULE

NEBRASKA TRAILS FOUNDATION, INC.
Schedule I - Schedule of Functional Expenses
For the Year Ended December 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>
Bank charges	\$ 417	\$ -	\$ -	\$ 417
Credit card fees	125	-	-	125
Donation expense	125,125	-	-	125,125
Insurance	1,398	-	-	1,398
Office	314	-	-	314
Professional fees	9,180	-	-	9,180
Trail construction & trail maintenance	<u>674,063</u>	<u>-</u>	<u>-</u>	<u>674,063</u>
	<u>\$ 810,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,622</u>

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