

NEBRASKA TRAILS
FOUNDATION, INC.

FINANCIAL STATEMENTS

With Independent Auditor's Report Thereon

December 31, 2017

NEBRASKA TRAILS FOUNDATION, INC.

Table of Contents

	<u>Page</u>
Independent Auditor's Report.	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10
Supplementary Schedules.	11-15



Independent Auditor's Report

Board of Directors
Nebraska Trails Foundation, Inc.

Report on the Financial Statements

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, 2017, and the related statement 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, 2017, 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 supplementary schedules are presented for purposes of additional analysis and are 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, Nebraska
July 9, 2018

NEBRASKA TRAILS FOUNDATION, INC.
Statement of Financial Position
December 31, 2017

Assets

Current Assets:	
Cash and cash equivalents	\$ 467,858
Vanguard investment	59,622
Due from Great Plains Trails Network Investments, short term (at cost):	3,341
Certificates of deposit	<u>310,408</u>
Total current assets	<u>841,229</u>
 Investments in Certificates of Deposit, long term (at cost)	 \$ <u>309,159</u>
 Total assets	 \$ <u><u>1,150,388</u></u>

Liabilities and Net Assets

Liabilities	
Accounts payable	\$ <u>10,000</u>
Total liabilities	<u>10,000</u>
 Net Assets:	
Total Unrestricted	\$ 153,348
Temporarily restricted	926,242
Permanently restricted	<u>60,798</u>
Total net assets	<u>1,140,388</u>
 Total liabilities and net assets	 \$ <u><u>1,150,388</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue:				
Donations	\$ 5,770	\$ 287,843	\$ -	\$ 293,613
Interest income	8,401	-	1	8,402
Dividend income	-	-	3,716	3,716
Other income/transfers	-	7,307	-	7,307
Net realized and unrealized gain(loss) on investments	356	-	3,979	4,335
Administrative Services	5,114	-	-	5,114
Transfer from unrestricted	-	204,019	-	204,019
Total support and revenue	<u>19,641</u>	<u>499,169</u>	<u>7,696</u>	<u>526,506</u>
Expenses:				
Program services	\$ <u>216,065</u>	\$ <u>244,940</u>	\$ -	\$ <u>461,005</u>
Total expenses	<u>216,065</u>	<u>244,940</u>	<u>-</u>	<u>461,005</u>
Increase (decrease) in net assets	(196,424)	254,229	7,696	65,501
Net assets at beginning of year	<u>349,772</u>	<u>672,013</u>	<u>53,102</u>	<u>1,074,887</u>
Net assets at end of year	\$ <u><u>153,348</u></u>	\$ <u><u>926,242</u></u>	\$ <u><u>60,798</u></u>	\$ <u><u>1,140,388</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, 2017

Cash Flows from Operating Activities:		
Increase in net assets	\$	65,501
Adjustments to reconcile change in net assets to net cash provided by operating Activities:		
Transfer of land to Ponca Tribe of Nebraska		76,471
Vanguard unrealized (gain) on investment		(3,979)
Other unrealized (gain) on investment		(356)
Vanguard investment gains		(3,716)
Increase in assets:		
Accounts receivable		(3,341)
Increase in liabilities:		
Accounts payable		<u>6,335</u>
 Net Cash provided by Operating Activities		 <u>136,915</u>
 Cash Flows from Investing Activities:		
Redemption of certificates of deposit		<u>136,464</u>
 Net Cash provided by Investing Activities		 <u>136,464</u>
 Net Increase in Cash and Cash Equivalents		 273,379
 Cash and cash equivalents at beginning of year		 <u>194,479</u>
 Cash and cash equivalents at end of year	\$	 <u><u>467,858</u></u>

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

NEBRASKA TRAILS FOUNDATION, INC.

Notes to Financial Statements

December 31, 2017

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 2014, 2015 and 2016 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.

Investments - Investments in certificates of deposit are recorded at cost. Subsequent write ups or write downs to fair value to recognize unrealized gains and losses are not recorded. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as short term investments. Certificates of deposit with remaining maturities greater than one year are classified as long term investments.

NEBRASKA TRAILS FOUNDATION, INC.

Notes to Financial Statements

December 31, 2017

B. Summary of Significant Accounting Policies (continued)

Fair Value Measurements - The Organization uses fair value measurements to record fair value adjustments to the Vanguard investment. 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 detailed below.

Fair Value Hierarchy

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. There was no land held at December 31, 2017.

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, 2017

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, 2017 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, one money market account, and one short-term interest-bearing account. At December 31, 2017, the balances of the checking and short-term interest-bearing account are \$368,184 and \$99,674, respectively.
- E. Unrestricted Funds - These are net assets that are not subject to donor imposed stipulations. In 2017, the Board transferred the board designated funds of \$204,019 from the Jane Snyder Bequest to the temporarily restricted Murdock Trail.
- 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, 2017 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, 2017

- H. Certificates of Deposit - The Organization has six certificates of deposit at December 31, 2017 that did not mature within three months after the end of the year. Face values at December 31, 2017, maturity dates and interest rates are as follows:

	<u>Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
CD #693196	\$103,781	7/16/2018	0.45%
CD #019051375	\$106,627	7/17/2018	1.24%
CD #7161-6324	\$100,000	12/14/2018	1.45%
CD #7161-6324	\$100,000	1/7/2019	1.55%
CD #7161-6324	\$100,000	6/14/2019	1.65%
CD #019051334	\$109,159	7/17/2019	1.98%
Total:	<u>\$619,567</u>		

- I. Transfer of Land - In May 2017, the Organization transferred the Gage County land to the Ponca Tribe of Nebraska for the Chief Standing Bear Trail. The land was stated at a cost of \$76,471.

- 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, 2017, the entity's uninsured cash balance totaled \$117,282.

- K. Fair Value of Investments - The following table reflects fair value measurements of assets at December 31, 2017, 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)	\$ <u>59,622</u>	\$ _____	\$ _____
Total Investments	\$ <u>59,622</u>	\$ _____	\$ _____

- L. Vanguard Investment - At December 31, 2017, the endowment fund is composed of the following:

<u>Description</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Investment Return</u>
Equity securities (stocks)	\$ <u>51,926</u>	\$ <u>59,622</u>	\$ <u>7,696</u>

NEBRASKA TRAILS FOUNDATION, INC.

Notes to Financial Statements

December 31, 2017

L. Vanguard Investment (continued)

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, 2017.

	<u>Permanently Restricted</u>
Interest & dividend income	\$ 3,717
Net realized & unrealized gains	<u>3,979</u>
Total Investment Return	<u>\$ 7,696</u>

- M. Commitments - At December 31, 2017, the Organization entered into two commitments. The first commitment with the Great Plain Trails Network will fund construction of the Murdock Trail and totals \$441,000. Expenditures for this project are expected to be incurred and paid by December 31, 2018. The second commitment with Homestead Conservation Trails Association assists in the maintenance of the Chief Standing Bear Trail. The commitment requires an annual maximum payment of \$7,500 for the next twenty years, for a total of \$150,000. Expected payments for the two commitments are as follows:

<u>Year Ended</u>	
2018	\$ 448,500
2019	7,500
2020	7,500
2021	7,500
Thereafter	<u>120,000</u>
Total	<u>\$ 591,000</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 July 9, 2018 the date which the financial statements were available to be issued. During January 2018, one certificate of deposit was redeemed for \$100,076. The proceeds were reinvested in a certificate of deposit in February 2018 with a 2.05% interest rate and matures on August 14, 2019.

SUPPLEMENTARY SCHEDULES

NEBRASKA TRAILS FOUNDATION, INC.
Schedule I - Schedule of Functional Expenses
For the Year Ended December 31, 2017

	Program Services	Management and General	Fund- raising	Total
Bank charges	\$ 34	\$ -	\$ -	\$ 34
Credit card fees	117	-	-	117
Donation expense	76,471	-	-	76,471
Insurance	1,420	-	-	1,420
Miscellaneous	354	-	-	354
Professional fees	10,620	-	-	10,620
Transfer to Fund	7,307	-	-	7,307
Transfer to temporarily restricted fund	204,019			204,019
Trail construction & trail maintenance	160,663	-	-	160,663
	\$ 461,005	\$ -	\$ -	\$ 461,005

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

Nebraska Trails Foundation, Inc.
Schedule II - Schedule of Changes in Funds and Net Assets
For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted				
		Billy Wolf	Central City	Chief Standing Bear	Cowboy Trail	Eastern NE Trails Network
Income						
Administrative services	\$ 5,114	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from unrestricted fund	-	-	-	-	-	-
Donations	5,770	-	230	250	-	-
Interest	8,401	-	-	-	-	-
Dividends	-	-	-	-	-	-
Other income/transfers	-	(3,106)	-	-	-	-
Net realized & unrealized gain on investment	356	-	-	-	-	-
Total support and revenue	19,641	(3,106)	230	250	-	-
Expense						
Other expense/transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to temporarily restricted fund	204,019	-	-	-	-	-
Bank charges	34	-	-	-	-	-
Credit card charges	117	-	-	-	-	-
Insurance	1,420	-	-	-	-	-
Legal & professional fees	9,980	-	-	640	-	-
Miscellaneous	354	-	-	-	-	-
Program expenses	141	-	-	171,297	20,000	-
Total expenses	216,065	-	-	171,937	20,000	-
Increase (decrease) in net assets	(196,424)	(3,106)	230	(171,687)	(20,000)	-
Net assets at the beginning of the year	349,772	3,106	876	198,482	38,642	44,444
Net assets available at end of year	\$ 153,348	\$ -	\$ 1,106	\$ 26,795	\$ 18,642	\$ 44,444

Nebraska Trails Foundation, Inc.
Schedule II - Schedule of Changes in Funds and Net Assets
For the Year Ended December 31, 2017

Temporarily Restricted (Continued)

	GPTN General	Haines Prairie	Jamaica North RICE	Jamaica North Phase II	GPTN MoPac Trail	MoPac Trail Lincoln/Omaha
Income						
Administrative services	\$ -	\$ -	\$ -	\$ -	\$ -	-
Transfer from unrestricted fund	-	-	-	-	-	-
Donations	540	5,812	110,000	-	475	-
Interest	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Other income/transfers	-	-	-	-	-	-
Net realized & unrealized gain on investment	-	-	-	-	-	-
Total support and revenue	<u>540</u>	<u>5,812</u>	<u>110,000</u>	<u>-</u>	<u>475</u>	<u>-</u>
Expense						
Other expense/transfers	\$ -	\$ 7,307	\$ -	\$ -	\$ -	-
Transfer to temporarily restricted fund	-	-	-	-	-	-
Bank charges	-	-	-	-	-	-
Credit card charges	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Legal & professional fees	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Program expenses	6,775	-	-	-	-	-
Total expenses	<u>6,775</u>	<u>7,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(6,235)	(1,495)	110,000	-	475	-
Net assets at the beginning of the year	<u>11,353</u>	<u>1,495</u>	<u>1,000</u>	<u>77,515</u>	<u>2,000</u>	<u>148,592</u>
Net assets available at end of year	<u>\$ 5,118</u>	<u>\$ -</u>	<u>\$ 111,000</u>	<u>\$ 77,515</u>	<u>\$ 2,475</u>	<u>\$ 148,592</u>

Nebraska Trails Foundation, Inc.
Schedule II - Schedule of Changes in Funds and Net Assets
For the Year Ended December 31, 2017

Temporarily Restricted (Continued)

	Murdock	Pioneers Park	Prairie Corridor	Rosa Parks Way Bridge	Steamboat Trace	Trails Amenities
Income						
Administrative services	\$ -	\$ -	\$ -	\$ -	\$ -	-
Transfer from unrestricted fund	204,019	-	-	-	-	-
Donations	166,144	-	250	-	-	-
Interest	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Other income/transfers	-	(925)	8,232	-	-	3,106
Net realized & unrealized gain on investment	-	-	-	-	-	-
Total support and revenue	<u>370,163</u>	<u>(925)</u>	<u>8,482</u>	<u>-</u>	<u>-</u>	<u>3,106</u>
Expense						
Other expense/transfers	\$ -	\$ -	\$ -	\$ -	\$ -	-
Transfer to temporarily restricted fund	-	-	-	-	-	-
Bank charges	-	-	-	-	-	-
Credit card charges	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Legal & professional fees	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Program expenses	-	38,921	-	-	-	-
Total expenses	<u>-</u>	<u>38,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	370,163	(39,846)	8,482	-	-	3,106
Net assets at the beginning of the year	<u>66,848</u>	<u>37,996</u>	<u>925</u>	<u>5,082</u>	<u>2,417</u>	<u>3,003</u>
Net assets available at end of year	<u>\$ 437,011</u>	<u>\$ (1,850)</u>	<u>\$ 9,407</u>	<u>\$ 5,082</u>	<u>\$ 2,417</u>	<u>\$ 6,109</u>

Nebraska Trails Foundation, Inc.
Schedule II - Schedule of Changes in Funds and Net Assets
For the Year Ended December 31, 2017

	Temporarily Restricted (Continued)			Total Temporarily Restricted	Permanently Restricted	Total
	Trails Center	Wilderness Bike Bridge I	Wilderness Bike Bridge II		Endowment Fund	
Income						
Administrative services	\$ -	\$ -	\$ -	\$ -	\$ -	5,114
Transfer from unrestricted fund	-	-	-	204,019	-	204,019
Donations	-	-	4,142	287,843	-	293,613
Interest	-	-	-	-	1	8,402
Dividends	-	-	-	-	3,716	3,716
Other income/transfers	-	-	-	7,307	-	7,307
Net realized & unrealized gain on investment	-	-	-	-	3,979	4,335
Total support and revenue	<u>-</u>	<u>-</u>	<u>4,142</u>	<u>499,169</u>	<u>7,696</u>	<u>526,506</u>
Expense						
Other expense/transfers	\$ -	\$ -	\$ -	\$ 7,307	\$ -	7,307
Transfer to temporarily restricted fund	-	-	-	-	-	204,019
Bank charges	-	-	-	-	-	34
Credit card charges	-	-	-	-	-	117
Insurance	-	-	-	-	-	1,420
Legal & professional fees	-	-	-	640	-	10,620
Miscellaneous	-	-	-	-	-	354
Program expenses	-	-	-	236,993	-	237,134
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,940</u>	<u>-</u>	<u>461,005</u>
Increase (decrease) in net assets	<u>-</u>	<u>-</u>	<u>4,142</u>	<u>254,229</u>	<u>7,696</u>	<u>65,501</u>
Net assets at the beginning of the year	<u>9,100</u>	<u>176</u>	<u>18,961</u>	<u>672,013</u>	<u>53,102</u>	<u>1,074,887</u>
Net assets available at end of year	<u>\$ 9,100</u>	<u>\$ 176</u>	<u>\$ 23,103</u>	<u>\$ 926,242</u>	<u>\$ 60,798</u>	<u>\$ 1,140,388</u>