

ALDO LEOPOLD FOUNDATION, INC.

FINANCIAL STATEMENTS

September 30, 2021 and 2020

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Aldo Leopold Foundation, Inc.
Baraboo, Wisconsin

We have audited the accompanying financial statements of Aldo Leopold Foundation, Inc., which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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

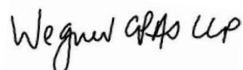
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Aldo Leopold Foundation, Inc. as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Wegner CPAs, LLP
Madison, Wisconsin
February 10, 2022

ALDO LEOPOLD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 321,612	\$ 258,266
Accounts receivable	13,173	10,462
Unconditional promises to give	48,626	114,115
Prepaid expenses	7,189	4,790
Inventory	117,169	134,310
Total current assets	507,769	521,943
Property and equipment, net	6,293,176	6,501,098
OTHER ASSETS		
Investments available for sale	304,641	304,611
Investments in cooperatives	14,231	14,621
Endowment investments	3,486,883	3,008,727
Beneficial interest in assets held by MCF	567,446	480,484
Prints held for sale	35,095	35,095
Royalty agreements, net	4,000	6,000
Green Fire film production, net	157,557	193,086
Total assets	\$ 11,370,798	\$ 11,065,665
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 28,005	\$ 60,819
Accrued expenses	58,002	49,193
Paycheck Protection Program loan	-	141,700
Funds held for others	-	1,927
Total liabilities	86,007	253,639
NET ASSETS		
Without donor restrictions		
Undesignated	657,938	313,829
Designated by the Board of Directors for		
Property and equipment, net	6,293,176	6,501,098
Green Fire film production, net	157,557	193,086
Future Leaders Endowment	1,027,510	858,669
Shack and Farm Fund	87,894	86,721
Agency endowment	65,315	55,501
Total without donor restrictions	8,289,390	8,008,904
With donor restrictions		
Aldo Leopold Foundation Fund	2,189,810	1,907,113
Future Leaders Fellowship Fund	749,359	835,911
Shack and Farm Fund	11,232	11,098
Other programs	45,000	45,000
Future periods	-	4,000
Total with donor restrictions	2,995,401	2,803,122
Total net assets	11,284,791	10,812,026
Total liabilities and net assets	\$ 11,370,798	\$ 11,065,665

See accompanying notes.

ALDO LEOPOLD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2021

	Without donor restrictions	With donor restrictions	Total
REVENUES			
Contributions			
Individual donations	\$ 724,723	\$ -	\$ 724,723
Foundation grants	431,033	-	431,033
Paycheck Protection Program loans forgiven	283,400	-	283,400
Government grants	250,469	-	250,469
Corporate donations	85,105	-	85,105
Donated services and materials	3,427	-	3,427
Merchandise sales, net	93,355	-	93,355
Education programs	23,950	-	23,950
Royalties and permissions	32,189	-	32,189
Rent income	11,870	-	11,870
Other income	3,114	-	3,114
Total revenues	1,942,635	-	1,942,635
EXPENSES			
Stewardship, education and outreach	1,220,821	-	1,220,821
Supporting activities			
Management and general	434,805	-	434,805
Fundraising	220,508	-	220,508
Total expenses	1,876,134	-	1,876,134
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program and time restrictions	280,313	(280,313)	-
Change in net assets from operations	346,814	(280,313)	66,501
OTHER CHANGES			
Transfer to Community Foundation of South Central Wisconsin	(250,000)	-	(250,000)
Investment return, net	171,754	381,142	552,896
Change in beneficial interest in assets held by MCF	11,918	91,450	103,368
Total other changes	(66,328)	472,592	406,264
Change in net assets	280,486	192,279	472,765
Net assets at beginning of year	8,008,904	2,803,122	10,812,026
Net assets at end of year	\$ 8,289,390	\$ 2,995,401	\$ 11,284,791

See accompanying notes.

ALDO LEOPOLD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2020

	Without donor restrictions	With donor restrictions	Total
REVENUES			
Contributions			
Individual donations	\$ 502,734	\$ -	\$ 502,734
Foundation grants	389,420	29,000	418,420
Government grants	209,967	-	209,967
Corporate donations	6,110	-	6,110
Donated services and materials	9,660	-	9,660
Merchandise sales, net	54,719	-	54,719
Education programs	31,152	-	31,152
Royalties and permissions	33,491	-	33,491
Rent income	11,661	-	11,661
Other income	3,084	-	3,084
Total revenues	1,251,998	29,000	1,280,998
EXPENSES			
Stewardship, education and outreach	1,156,817	-	1,156,817
Supporting activities			
Management and general	353,871	-	353,871
Fundraising	190,664	-	190,664
Total expenses	1,701,352	-	1,701,352
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program and time restrictions	204,237	(204,237)	-
Change in net assets from operations	(245,117)	(175,237)	(420,354)
OTHER CHANGES			
Investment return, net	46,615	100,411	147,026
Change in beneficial interest in assets held by MCF	1,460	11,425	12,885
Total other changes	48,075	111,836	159,911
Change in net assets	(197,042)	(63,401)	(260,443)
Net assets at beginning of year	8,205,946	2,866,523	11,072,469
Net assets at end of year	\$ 8,008,904	\$ 2,803,122	\$ 10,812,026

See accompanying notes.

ALDO LEOPOLD FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended September 30, 2021 and 2020

	2021			
	Stewardship, Education and Outreach	Management and General	Fundraising	Total Expenses
Personnel	\$ 590,492	\$ 248,118	\$ 150,572	\$ 989,182
Professional and contracted services	154,264	62,024	2,940	219,228
Office and occupancy	61,643	15,075	9,467	86,185
Property taxes	46,979	4,840	781	52,600
Insurance	30,971	12,462	960	44,393
Supplies	34,416	9,407	7,187	51,010
Equipment	27,298	11,720	1,615	40,633
Printing and publications	28,127	27	5,293	33,447
Travel	2,642	1,183	401	4,226
Conferences and meetings	3,379	3,860	1,568	8,807
Licenses, fees, and bank charges	28,973	3,786	9,044	41,803
Miscellaneous	23,315	482	321	24,118
Grants, donations, and memberships	3,606	294	518	4,418
Depreciation and amortization	184,716	61,527	29,841	276,084
Total expenses	\$ 1,220,821	\$ 434,805	\$ 220,508	\$ 1,876,134
	2020			
	Stewardship, Education and Outreach	Management and General	Fundraising	Total Expenses
Personnel	\$ 542,592	\$ 185,601	\$ 154,612	\$ 882,805
Professional and contracted services	88,048	52,727	3,523	144,298
Office and occupancy	76,149	11,204	7,285	94,638
Property taxes	51,147	4,984	922	57,053
Insurance	31,219	8,537	713	40,469
Supplies	28,554	9,633	1,447	39,634
Equipment	24,436	7,118	1,662	33,216
Printing and publications	20,658	1,053	4,521	26,232
Travel	6,709	1,317	476	8,502
Conferences and meetings	651	1,158	763	2,572
Licenses, fees, and bank charges	39,227	7,110	7,415	53,752
Miscellaneous	22,802	12,890	504	36,196
Grants, donations, and memberships	1,518	462	225	2,205
Depreciation and amortization	223,107	50,077	6,596	279,780
Total expenses	\$ 1,156,817	\$ 353,871	\$ 190,664	\$ 1,701,352

See accompanying notes.

ALDO LEOPOLD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 472,765	\$ (260,443)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	276,084	279,780
Net realized and unrealized gains on investments	(509,736)	(100,059)
Change in value of beneficial interest in assets held by MCF	(103,367)	(12,885)
Paycheck Protection Program loans forgiven	(283,400)	-
Donated property and equipment	-	(7,500)
Donated stock	-	(8,075)
(Increase) decrease in assets		
Accounts receivable	(2,711)	46,369
Unconditional promises to give	65,489	57,259
Prepaid expenses	(2,399)	(4,231)
Inventory	17,141	(15,374)
Increase (decrease) in liabilities		
Accounts payable	(32,814)	9,132
Accrued expenses	8,809	13,246
Funds held for others	(1,927)	-
Net cash flows from operating activities	(96,066)	(2,781)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(30,633)	(5,640)
Proceeds from sale of investment in cooperatives	390	-
Proceeds from sales of investments	2,177,501	79,088
Purchases of investments	(2,104,501)	(345,360)
Dividends and interest retained in investments	(41,450)	(44,639)
Distributions from beneficial interest in assets held by MCF	16,405	14,983
Net cash flows from investing activities	17,712	(301,568)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	141,700	141,700
Net change in cash	63,346	(162,649)
Cash at beginning of year	258,266	420,915
Cash at end of year	\$ 321,612	\$ 258,266
SUPPLEMENTAL DISCLOSURES		
Non-cash investing transactions		
Donated property and equipment	\$ -	\$ 7,500
Donated stock	-	8,075

See accompanying notes.

ALDO LEOPOLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Aldo Leopold Foundation, Inc. (Foundation) is a non-profit foundation created in 1982 by the family of Aldo Leopold to encourage and promote a deep respect and appreciation for the land and all its wild inhabitants through preservation of wild lands, education and training, scientific research, and restoration of native landscapes. The Foundation supports professional events and writing about Leopold and the land ethic and has promoted the translation and printing of A Sand County Almanac into several languages.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Accounts Receivable

Accounts receivable consist of royalty revenue, fees for services provided to various organizations, and book sales of which the Foundation has an unconditional right to receive. Accounts receivable are recorded at net realizable value. The Foundation considers accounts receivable to be fully collectible. If accounts receivable become uncollectible, they will be charged to operations when that determination is made.

Promises to Give

Unconditional promises to give are recognized as revenues 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.

Inventory

Inventory consists of books, prints, and compact discs stated at the lower of cost or market determined by the first-in, first-out method.

Property and Equipment

The Foundation capitalizes all acquisitions of property and equipment in excess of \$5,000. Purchased property and equipment are carried at cost. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets.

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restriction 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 restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the assets are acquired. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

ALDO LEOPOLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Foundation reports investments in equity securities with readily determinable fair values are stated at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Investments in cooperatives are held at cost. The amounts are not marketable and may only be redeemed at face value. Patronage dividends increase the recorded value and are included in the change in net assets in the accompanying statements of activities.

Beneficial Interest in Assets Held by Madison Community Foundation

The Foundation's beneficial interest in assets held by Madison Community Foundation (MCF) represents an agreement between the Foundation and MCF in which the Foundation transfers assets to MCF in exchange for future distributions. The beneficial interest is not actively traded, and significant other observable inputs are not available. The fair value of the beneficial interest is based on the fair value of the underlying assets as reported to the Foundation by MCF. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Prints Held for Sale

The Foundation received a contribution of 42 signed Owen Gromme prints in 2014 which it recorded at fair value as of the contribution date. The Foundation has elected to hold these prints for sale.

Collections

Collection items consist of art and Leopold family historical objects that are held for educational and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and kept unencumbered, and activities verifying their existence and assessing their condition are performed continuously. Collection items acquired either through purchase or donation are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with net assets without donor restrictions and as decreases in net assets with donor restrictions if purchased with donor-restricted assets. Contributions of collection items are not recognized in the statements of activities. Proceeds from deaccessions or insurance recoveries would be reflected on the statements of activities based on the absence or existence and nature of donor-imposed restrictions. If collection items are sold, the proceeds from the sale are used to purchase additional collection items.

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

ALDO LEOPOLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (continued)

donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Government Grants

The Foundation receives grants from government agencies and others that are conditioned upon the Foundation incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by the Foundation, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, professional and contract services, office and occupancy, insurance, and depreciation and amortization, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Stewardship, Education and Outreach—Includes the following related program activities:

Stewardship – The Foundation owns and manages the original Aldo Leopold Shack and 600 surrounding acres and coordinates the conservation planning and monitoring across the 12,000 acre Leopold-Pine Island Important Bird Area. Land stewardship initiatives demonstrate activities and practices that promote and encourage ecological and ethical use of private and public land and an understanding of the total land community.

Education – As the primary advocate and interpreter of the Leopold legacy, the Foundation serves nearly 10,000 visitors on-site each year, in addition to many thousands more through our website, newsletter, and outreach programming. As the primary advocate and interpreter of the Leopold legacy, the Foundation also serves as the executor of Aldo Leopold’s literary estate, encourages scholarship on Aldo Leopold, and serves as a clearinghouse for information regarding Aldo Leopold, his work, and his ideas.

“Green Fire” film – In 2011 the Foundation completed production of the first-ever high-quality documentary film on the life and legacy of Aldo Leopold. Entitled “Green Fire,” the film premiered in Albuquerque, New Mexico in February 2011. The film, initially broadcast nationally on public television stations in 2012, has continued to be broadcast in major public television markets in subsequent years. “Green Fire” has helped the Foundation to reach new audiences nationally and internationally and has also expanded the support base. In 2015 the Foundation contracted with Bull Frog Films to expand licensing and distribution of the film to a wider educational market.

ALDO LEOPOLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (continued)

Aldo Leopold Legacy Center – The Foundation’s headquarters are located in the Leopold Legacy Center, located less than one mile from the Leopold Shack. Opened in 2007, the Leopold Legacy Center was built using pines the Leopold family planted in the 1930s and ‘40s and implements a wide spectrum of green building techniques and technologies.

Management and General – Management and general activities relate to the overall direction of the Foundation and include the functions necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of the Foundation, and perform other administrative functions.

Fundraising – Fundraising activities relate to soliciting contributions from individuals, foundations, governments, and others, and other activities that involve inducing potential donors to contribute assets, services, or time to the Foundation.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Date of Management’s Review

Management has evaluated subsequent events through February 10, 2022, the date which the financial statements were available to be issued.

NOTE 2—CASH

Cash at September 30, 2021 and 2020 is available for the following purposes:

	2021	2020
Operations	\$ 271,572	\$ 208,226
Future Leaders Endowment	50,040	50,040
Cash	\$ 321,612	\$ 258,266

NOTE 3—CONDITIONAL PROMISES TO GIVE

Through the year ended September 30, 2021, the Foundation received grants from government agencies with certain conditions to be met before revenue will be recognized. Conditional support was received from government sources for expenses related to stewardship, education, and outreach program activities. The Foundation met certain conditions during the year and recognized \$533,869 as grants revenue. The remaining \$50,918 of this promise will subsequently be recognized as grants revenue when grantor conditions are met.

ALDO LEOPOLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2021 and 2020 consisted of the following:

	2021	2020
Land	\$ 1,596,726	\$ 1,596,726
Land improvements	66,973	66,973
Buildings	6,497,449	6,480,819
Equipment	561,312	547,309
Property and equipment	8,722,460	8,691,827
Less accumulated depreciation	2,429,284	2,190,729
Property and equipment, net	\$ 6,293,176	\$ 6,501,098

Depreciation expense for September 30, 2021 and 2020 was \$238,555 and \$240,876.

NOTE 5—ENDOWMENT INVESTMENTS

Endowment investments at September 30, 2021 and 2020 consisted of the following:

	2021	2020
Money market accounts	\$ 13,572	\$ 27,187
Mutual funds	1,249,308	653,329
Exchange traded funds	2,224,003	2,328,211
Endowment investments	\$ 3,486,883	\$ 3,008,727

Fair values of exchange traded funds and mutual funds are based on quoted net asset values of the shares as reported by the fund. The exchange traded funds and mutual funds held by the Foundation are open-end exchange traded funds and mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The exchange traded funds and mutual funds held by the Foundation are considered to be actively traded.

NOTE 6—ROYALTY AGREEMENTS

In 1983, the Aldo Leopold Sand County Trust donated the rights to several royalty agreements for Aldo Leopold's books, including *A Sand County Almanac*, to the Foundation. The royalty agreements were valued at \$80,000 on the date of donation. The royalty agreements are being amortized using the straight-line method over a 40-year period. At September 30, 2021 and 2020 accumulated amortization was \$76,000 and \$74,000. Amortization expense for the years ended September 30, 2021 and 2020 was \$2,000 each year. Amortization expense for the next two years is \$2,000 per year.

ALDO LEOPOLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 7—GREEN FIRE FILM PRODUCTION

The Foundation released the film *Green Fire* on February 15, 2011. The production costs capitalized total \$532,928 at September 30, 2021 and 2020. The production costs are being amortized using the straight-line method over the estimated useful life. Accumulated amortization was \$375,370 and \$339,841 at September 30, 2021 and 2020. Amortization expense for the years ended September 30, 2021 and 2020 was \$35,529 and \$35,529. Amortization expense for the next four years is \$35,529 per year.

NOTE 8—LEASE COMMITMENTS

The Foundation has a lease, that expires in July 2026, for a copier with monthly payments of \$516. The Foundation has a second lease, that expires in August 2022, for a vehicle with monthly payments of \$434. Lease payments for the years ended September 30, 2021 and 2020 were \$13,684 and \$9,777, respectively. Future lease commitments for the copier for the years ending September 30, 2022, 2023, 2024, 2025, and 2026 are \$6,187, \$6,187, \$6,187, \$6,187, and \$4,640, respectively.

NOTE 9—TRADEMARKS

The Foundation was granted trademarks that were fully amortized at September 30, 2021 and 2020. Additional costs for renewal of trademark registrations are expensed as incurred.

NOTE 10—PAYCHECK PROTECTION PROGRAM LOAN

On April 17, 2020 and February 8, 2021, the Foundation received two loans totaling \$283,400, under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan accrues interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by the Foundation during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over two years.

On February 16, 2021 and August 13, 2021, the SBA preliminarily approved forgiveness of both loans. The Foundation must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Foundation's good-faith certification concerning the necessity of its loan request, whether the Foundation calculated the loan amount correctly, whether the Foundation used loan proceeds for the allowable uses specified in the CARES Act, and whether the Foundation is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Foundation was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

ALDO LEOPOLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 11—LINE OF CREDIT

The Foundation holds a revolving line credit agreement for \$1,000,000. The agreement carries a variable interest rate with a floor rate of 4% and indexed to the U.S Prime Rate. This agreement terminates on December 13, 2024 and is secured by real estate located at E13701 Levee Road, Baraboo, Wisconsin. There was no outstanding balance at September 30, 2021 and 2020.

NOTE 12—LETTER OF CREDIT

The Foundation has elected the reimbursement method to finance the cost of Wisconsin unemployment compensation benefits. Under this method, the Foundation must reimburse the Wisconsin Department of Workforce Development (Department) for 100% of the unemployment benefits charged to its account. Unemployment compensation expense is charged to operations when paid or when claims can be reasonably estimated. In order to guarantee payment of eligible benefits, the Foundation must file assurance of reimbursement with the Department. The Foundation renewed through December 2023 a \$12,000 Irrevocable Letter of Credit.

NOTE 13—LIQUIDITY AND AVAILABILITY

The following reflects the Foundation's financial assets as of the date of the statement of financial position, reduced by amounts not available for general expenditures within one year of the date of the statements of financial position because of donor-imposed or other restrictions:

	2021	2020
Cash	\$ 321,612	\$ 258,266
Accounts receivable	13,173	10,462
Unconditional promises to give	48,626	114,115
Investments available for sale	304,641	304,611
Endowment investments	3,486,883	3,008,727
Beneficial interest in assets held by MCF	567,446	480,484
Financial assets at end of year	\$ 4,742,381	\$ 4,176,665
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time and purpose restrictions	(2,995,401)	(2,803,122)
Board designations:		
Designated for future leaders endowment	(1,027,510)	(858,669)
Designated for shack and farm endowment	(87,894)	(86,721)
Designated for agency endowment	(65,315)	(55,501)
Financial assets available to meet cash needs for general expenditures within one year	\$ 566,261	\$ 372,652

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Foundation has committed a line of credit in the amount of \$1,000,000, which it could draw upon.

ALDO LEOPOLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 14—ENDOWMENTS

The Foundation's endowment consists of five individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation is subject to Wisconsin's Uniform Prudent Management of Institutional Funds Act (UPMIFA) and thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor restricted endowment funds, the Foundation considers a fund to be underwater when the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Foundation 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 Foundation 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 Foundation, and (7) the investment policies of the Foundation.

Aldo Leopold Foundation Endowment Funds were established to support the operations of the Foundation. The Future Leaders Endowment Funds were established to support the fellowships programming at the Foundation. The Shack and Farm Fund was established to support the maintenance and upkeep of the Leopold Shack as well and program and projects involving the Leopold Shack and Farm.

The Foundation established two agency endowments at Madison Community Foundation (MCF) to invest its endowment assets. The agreements between the Foundation and MCF state that the transfer of assets is irrevocable and that the transferred assets will not returned to the Foundation. However, MCF will make annual distributions of the income earned on the funds subjected to MCF's spending policy. The agreements also grant variance power to MCF, which permits MCF to substitute another beneficiary in place of the Foundation if the Foundation ceases to exist or if MCF's board of governors votes that support of the Foundation is either no longer necessary or is inconsistent with the needs of the community. MCF's primary investment goal is to deliver long-term investment returns sufficient to cover both spending and inflation to preserve the purchasing power of the investment portfolio. MCF seeks to achieve this goal through cost-effective implementation at an appropriate level of risk, diversification of asset classes and strategies to provide consistent returns, capital preservation in down market cycles to provide stability in spending support, and long-term capital appreciation through the incorporation of risk-based assets, including non-marketable, illiquid alternatives.

ALDO LEOPOLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 14—ENDOWMENTS (continued)

Return Objectives and Risk Parameters

The Foundation has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The primary asset allocation decision, the split between equity and fixed income securities, will be examined if the allocation is plus or minus 5% from target (i.e. 65/35 going to 60/40) for possible rebalancing to target based on current research and analysis. The ongoing percentage allocation to each sub-asset class may vary within the established range depending upon market conditions.

Strategies Employed for Achieving Objectives

Achieving a return objective of a 9% annual average return on investments requires a substantial commitment to inherently risky equity assets. The Foundation attempts to minimize risk through diversification by limiting the amount of any one investment to no more than 5% of the total market value of the portfolio, with the exception of issues in the U.S. Government and related agencies, insured certificates of deposit and mutual funds. The annual spending rate will be 4% of the fair market value of the portfolio, based on the average of the preceding twelve quarters.

Endowment net asset composition by type of fund as of September 31, 2021 and 2020, is as follows:

	2021		
	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	\$ 1,180,719	\$ -	\$ 1,180,719
Donor-restricted endowment funds			
Original donor-restricted gift amount	-	1,734,601	1,734,601
Accumulated investment gains	-	1,189,049	1,189,049
Total funds	\$ 1,180,719	\$ 2,923,650	\$ 4,104,369
	2020		
	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	\$ 1,000,891	\$ -	\$ 1,000,891
Donor-restricted endowment funds			
Original donor-restricted gift amount	-	1,734,601	1,734,601
Accumulated investment gains	-	803,759	803,759
Total funds	\$ 1,000,891	\$ 2,538,360	\$ 3,539,251

ALDO LEOPOLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 14—ENDOWMENTS (continued)

Changes in endowment net assets:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets - at September 30, 2019	\$ 958,111	\$ 2,512,487	\$ 3,470,598
Investment return, net	44,800	111,836	156,636
Appropriation for expenditures	<u>(2,020)</u>	<u>(85,963)</u>	<u>(87,983)</u>
Endowment net assets - at September 30, 2020	1,000,891	2,538,360	3,539,251
Investment return, net	181,931	472,592	654,523
Appropriation for expenditures	<u>(2,103)</u>	<u>(87,302)</u>	<u>(89,405)</u>
Endowment net assets - at September 30, 2021	<u>\$ 1,180,719</u>	<u>\$ 2,923,650</u>	<u>\$ 4,104,369</u>

NOTE 15—COMMUNITY TRUST FUND

The Hartmann-Oehrlein Environmental Fund (Fund) was established as a component fund of the Community Foundation of South Central Wisconsin (CFSCW). Component funds of CFSCW are established by donors for the benefit of the community, and, when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the fund. Donors grant CFSCW variance power that allows CFSCW to modify the donors' stipulations under certain circumstances as CFSCW monitors the changing needs of the community. Therefore, the Fund is not included in the Foundation's financial statements. The amount available for distributions represents 5% of the value of the Fund on the day of distribution. All other interest and appreciation is added to the Fund. Principal may not be drawn from the Fund except with approval of CFSCW's board of governors. During the years ended September 30, 2021 and 2020, the Foundation received a distribution from the Fund of \$28,032 and \$26,110, respectively. The fair value of the Fund at September 30, 2021 and 2020 was \$1,108,080 and \$512,345, respectively.

NOTE 16—RETIREMENT PLAN

The Foundation has a SIMPLE IRA retirement plan that covers all employees with at least one month of service. The Foundation matches up to 3% of employee contributions. The pension contributions charged to expense for the years ended September 30, 2021 and 2020 were \$18,019 and \$10,884, respectively.

NOTE 17—EFFECTS OF THE COVID-19 PANDEMIC

The Foundation's operations may be affected by the recent and ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on the Foundation is uncertain; however, it may result in a material adverse impact the Foundation's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to the Foundation's donors and revenues, absenteeism in the Foundation's workforce, and a decline in value of assets held by the Foundation.