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**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended June 30, 2019**

**WISCONSIN WETLANDS ASSOCIATION, INC.**  
**(A Wisconsin Non-Profit Corporation)**

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**June 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Wisconsin Wetlands Association, Inc.  
Madison, Wisconsin

We have audited the accompanying financial statements of Wisconsin Wetlands Association, Inc. (a Wisconsin non-profit organization) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, 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 Wisconsin Wetlands Association, Inc. as of June 30, 2019, 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.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, effective July 1, 2018, Wisconsin Wetlands Association adopted provisions of FASB issued Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.

September 20, 2019

**WISCONSIN WETLANDS ASSOCIATION, INC.**  
**Madison, Wisconsin**

**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2019**

ASSETS

Current Assets

Cash	\$ 226,480
Receivables	32,467
Prepaid Expenses	7,835
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Total Current Assets	266,782

Fixed Assets

Equipment	16,132
Accumulated Depreciation	(6,680)
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Net Fixed Assets	9,452

TOTAL ASSETS	<u>\$ 276,234</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 6,071
Payroll Liabilities	16,982
Deferred Revenue	510
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Total Current Liabilities	23,563

Net Assets

Net assets without donor restrictions	
Board Designated	13,737
Undesignated	238,934
	<hr/>
Total Net Assets	252,671

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 276,234</u>
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The accompanying notes are an integral part of the financial statements.

**WISCONSIN WETLANDS ASSOCIATION, INC.**  
**Madison, Wisconsin**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**

NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUES AND SUPPORT

Contributions	
Foundations	\$ 51,000
Governmental agencies	160,065
Other contributions	344,059
Special events and promotions	108,724
Interest and dividends income	233
Miscellaneous	1,854
Net assets released from restrictions	<u>35,000</u>
Total revenues and support	<u>700,935</u>

EXPENSES

Program services	
Place based projects	108,479
Program development	26,255
Outreach	266,904
Advocacy	<u>125,890</u>
Total program services	527,528
Management and general	60,348
Fundraising	<u>54,042</u>
Total expenses	<u>641,918</u>

Increase (Decrease) in net assets without donor restrictions 59,017

NET ASSETS WITH DONOR RESTRICTIONS:

Net assets released from restrictions	<u>(35,000)</u>
Increase (Decrease) in net assets with donor restrictions	<u>(35,000)</u>
Change in Net Assets	24,017
Net Assets at Beginning of Year	<u>228,654</u>
Net Assets at End of Year	<u>\$ 252,671</u>

The accompanying notes are an integral part of the financial statements.

**WISCONSIN WETLANDS ASSOCIATION, INC.**  
**Madison, Wisconsin**

**Schedule of Functional Expenses**  
**For the Year Ended June 30, 2019**

	Program Services							
	Place based Projects	Program Development	Outreach	Advocacy	Total	Management and General	Fundraising	Total
Personnel	\$ 95,077	\$ 22,391	\$ 140,002	\$ 101,232	\$ 358,702	\$ 40,193	\$ 33,579	\$ 432,474
Professional Services	586	-	41,583	10,000	52,169	13,346	1,000	66,515
Travel and Meetings	4,382	1,790	6,776	1,281	14,229	-	-	14,229
Occupancy	4,898	1,131	6,963	5,163	18,155	1,980	1,699	21,834
Insurance	140	33	2,058	2,150	4,381	491	494	5,366
Books and Subscriptions	-	-	-	-	-	8	-	8
Printing and Copying	618	143	10,046	652	11,459	345	6,724	18,528
Service Fees	565	130	8,887	595	10,177	948	1,400	12,525
Postage and Shipping	82	25	2,126	79	2,312	31	3,460	5,803
Communication Services	545	126	2,515	605	3,791	220	189	4,200
Event Expenses	50	-	40,733	-	40,783	227	4	41,014
Supplies	394	63	2,829	292	3,578	184	244	4,006
Information Technology	465	107	874	491	1,937	238	3,814	5,989
Staff Development	597	138	849	629	2,213	241	207	2,661
Other	80	178	663	2,721	3,642	1,896	1,228	6,766
	<u>\$ 108,479</u>	<u>\$ 26,255</u>	<u>\$ 266,904</u>	<u>\$ 125,890</u>	<u>\$ 527,528</u>	<u>\$ 60,348</u>	<u>\$ 54,042</u>	<u>\$ 641,918</u>

The accompanying notes are an integral part of the financial statements.

**WISCONSIN WETLANDS ASSOCIATION, INC.**  
**Madison, Wisconsin**

**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2019**

<u>Cash Flows from Operating Activities</u>	
Change in net assets	\$ 24,017
Adjustment to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	1,788
Changes in operating assets and liabilities:	
Receivables	(685)
Unconditional promises to give	25,500
Prepaid expenses	(3,263)
Accounts payable and accrued expenses	<u>7,133</u>
Net cash provided (used) by operating activities	<u>54,490</u>
<u>Cash Flows from Investing Activities</u>	
Purchase of equipment	<u>(6,650)</u>
Net cash provided (used) by investing activities	<u>(6,650)</u>
Net (decrease) increase in cash	47,840
Cash at beginning of year	<u>178,640</u>
Cash at end of year	<u><u>\$ 226,480</u></u>

The accompanying notes are an integral part of the financial statements.



**WISCONSIN WETLANDS ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. Summary of Significant Accounting Policies**

**A. Nature of Organization**

Wisconsin Wetlands Association, Inc. (“Association”) is dedicated to protecting, restoring, and enjoying wetlands and associated ecosystems through science-based education, advocacy, and action. The Association is funded primarily by foundation and government grants, and by contributions from the general public.

**B. Basis of Accounting**

The Association’s financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**C. Financial Statement Presentation**

The financial statements are presented in accordance with professional standards, which require the Association to report information regarding financial position and activities according to two classes of net assets:

*Net Assets without Donor Restrictions* – Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

*Net Assets with Donor Restrictions* – Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

**D. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**E. Income Taxes**

The Association is a nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and Wisconsin franchise and income tax.

The Association has adopted the accounting guidance for recognizing and measuring uncertain tax positions. The Association follows the statutory requirements for their income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Association’s tax-exempt status would not have a material effect on the accompanying financial statements.

**WISCONSIN WETLANDS ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. Summary of Significant Accounting Policies (Continued)**

**E. Income Taxes (Continued)**

The Association's federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Association is no longer subject to such examinations for years before 2015.

**F. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**G. Accounts Receivable**

The Association considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is presented. If amounts become uncollectible, they will be charged to operations when that determination is made.

**H. Promises to Give**

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Uncollectible promises are written off after management has used reasonable collection efforts and determines the promises will not be collected.

**I. Property and Equipment**

Property and equipment purchases that are greater than \$2,500 are capitalized at cost and depreciated over their useful lives using the straight-line method. Depreciation expense was \$1,788 for the year ended June 30, 2019.

**J. Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**K. Donated Assets and Services**

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria have not been met.

**WISCONSIN WETLANDS ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**1. Summary of Significant Accounting Policies (Continued)**

**L. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are directly charged to the functions they benefit when possible. Certain costs have been allocated among the programs and supporting activities. Allocated expenses include wages and benefits, professional services, and printing and reproduction costs. Wages and benefits are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical, or are allocated based on number of employees per program. The costs of providing the various programs and other activities can be found in the statement of functional expenses.

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

*Outreach* – The Association collaborates with more than 30 partner organizations to present wetland programs that reach a diversity of audiences. From field trips for families to technical programs for wetland experts, the Association offers programs throughout Wisconsin for all audiences.

*Advocacy* – The Association focuses on promoting and upholding strong wetland policies and regulations, works to remove tax barriers to private wetland conservation, monitors permitting of wetland fills, and advises dozens of communities' development projects to avoid and minimize wetland impacts.

*Place based Projects* – The Association helps local governments implement wetlands as solutions to protect infrastructure such as roads, culverts, and dwellings from floods.

*Program Development* – The Association assists agencies, universities, local governments, tribes, and others further develop programs to protect and restore wetlands. This work also helps the Association's partners understand how to insert wetland considerations into current programming.

**M. Subsequent Events**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 20, 2019, the date the financial statements were available to be issued.

**WISCONSIN WETLANDS ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**1. Summary of Significant Accounting Policies (Continued)**

**N. Recently Issued Accounting Standards**

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Association adopted the provisions of this new standard during the year ended June 30, 2019. The Association has updated the presentation of its financial statements in accordance with the new standard and has applied the changes retrospectively to the comparative period. The new standard changes affect The Association's financial statements as follows:

- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The temporarily restricted and permanently restricted net assets classes have been combined and the combined net asset class has been named *net assets with donor restrictions*.
- The notes to the financial statements include a new disclosure describing the liquidity and availability of financial assets (Note 6).
- Disclosures related to the allocation of functional expenses have been expanded.

The changes have the following effect on net assets at June 30, 2018:

	As Originally Presented	After Adoption of ASU 2016-14
Net asset class		
Unrestricted net assets	\$ 193,654	\$ -
Temporarily restricted net assets	35,000	-
Net assets without donor restrictions	-	193,654
Net assets with donor restrictions	-	35,000
Total net assets	\$ 228,654	\$ 228,654

**2. Retirement Plan**

The Association offers a 401(k) retirement plan that covers all employees who have worked 1,000 hours in the first twelve months and who are 21 years and older. The Association contributes 3% of each employee's salary working more than 20 hours per week and will match dollar for dollar up to an additional 3% of their annual salaries. Employees are 100% vested in all contributions made on their behalf. Retirement expense was \$17,994 for the year ended June 30, 2019.

**3. Net Assets**

Unrestricted net assets at June 30, 2019 consisted of the following:

Designated for Kirk McVoy Wetlands Defense Fund	\$ 13,737
Undesignated	238,934
Net Assets Without Donor Restrictions	\$ 252,671

**WISCONSIN WETLANDS ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**4. Operating Leases**

The Association rents office space in Madison, Wisconsin under a lease that expires in October, 2023. It requires monthly payments of \$1,553, with annual increases of 2.50% of the base rental amount. Rent expense was \$22,844 for the year ended June 30, 2019, which includes a monthly amount for shared conference room space, parking and cleaning services.

The Association has a 60-month copier lease that started in April 2018 and requires monthly payments of \$223. Copier lease expense was \$2,681 for the year ended June 30, 2019.

Future minimum lease payments are as follows for subsequent years ending June 30:

2020	\$	26,075
2021		26,597
2022		26,181
2023		25,781
2024		7,906
	\$	<u>112,540</u>

**5. Endowment**

In fiscal year 2014, the Association established a component endowment fund (the “Fund”) at Madison Community Foundation (“MCF”). The Foundation, as a community trust, serves the mutual interest of Dane County and those individuals and organizations who wish to enhance the quality of life in the community through charitable giving.

Component funds of the Foundation 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. However, donors also grant the Foundation variance power that allows the Foundation to modify the donors’ stipulations under certain circumstances as the Foundation monitors the changing needs of the community. Therefore, the Fund is not included in the Association’s financial statements.

The amount available for annual distributions will range between 4-5% of the average value of the assets in the fund over the prior twelve quarters. This distribution policy is subject to change by the MCF Board of Governors. Additional distributions may be made if MCF concludes that such distributions will benefit the Association, advance their charitable and exempt purposes, and benefit the community. MCF maintains legal ownership of the fund. The funds will be pooled with the assets of other MCF component funds and invested with those assets. All other interest and appreciation is added to the Fund. The Association received distributions of \$9,755 from the Fund in the year ended June 30, 2019. The fair value of the Fund at June 30, 2019 was \$303,491.

**WISCONSIN WETLANDS ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**6. Liquidity and Availability of Financial Assets**

As part of the Association's liquidity management, the Association structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Association invests cash in excess of current needs in a money market account, which can be used for general expenditures when needed.

The following table reflects the Association's financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are not considered available when not liquid or not convertible into cash within one year.

	June 30, 2019
Cash and cash equivalents	\$ 226,480
Other receivables	32,467
Total financial assets	<u>258,947</u>
Less those unavailable for general expenditure within one year due to:	
Board designated Funds for Kirk KcVoy Wetlands Defense Fund	<u>(13,737)</u>
Financial assets available to meet cash needs for expenditures within one year	<u>\$ 245,210</u>

**7. Commitments**

In February 2019, the Association contracted with a lobbying firm to promote wetland restoration and enhancement during the 2019-2020 State legislative session. The contract has a monthly fee of \$2,500.

**WISCONSIN WETLANDS ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

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**8. Effect of New Accounting Standards on Current Period Financial Statements**

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

- ASU No. 2014-09 (Topic 606): Revenue from Contracts with Customers. For entities other than public businesses, certain not-for-profit entities, and certain employee benefit plans, the amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018.
- ASU No. 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018.
- ASU No. 2016-02 (Topic 842): Leases. For most entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2019.

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