



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

For the Year Ended June 30, 2020

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

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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, 2020, 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, 2020, 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, 2019, Wisconsin Wetlands Association, Inc. adopted provisions of FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. Our opinion is not modified with respect to this matter.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
October 30, 2020

WISCONSIN WETLANDS ASSOCIATION, INC.
Madison, Wisconsin

STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS

Current Assets

Cash	\$ 324,504
Receivables	10,464
Unconditional Promises to Give	100,000
Prepaid Expenses	<u>14,205</u>
Total Current Assets	<u>449,173</u>

Property and Equipment

Equipment	16,132
Less: Accumulated Depreciation	(8,905)
Operating Lease Right-of-Use Asset	<u>71,598</u>
Net Property and Equipment	<u>78,825</u>

TOTAL ASSETS	<u><u>\$ 527,998</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 1,318
Payroll Liabilities	21,684
Current Portion of Operating Lease Liability	<u>20,305</u>
Total Current Liabilities	<u>43,307</u>

Long-Term Liabilities

Operating Lease Liability	<u>52,166</u>
Total Long-Term Liabilities	<u>52,166</u>

Net Assets

Net Assets with Donor Restrictions	168,469
Net Assets without Donor Restrictions	
Board Designated	13,763
Undesignated	<u>250,293</u>
Total Net Assets	<u>432,525</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 527,998</u></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, 2020

NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUES AND SUPPORT

Contributions	
Foundations	\$ 143,569
Governmental agencies	239,955
Other contributions	219,005
Special events and promotions	108,841
Interest and dividends income	299
Miscellaneous	1,166
	<hr/>
Total revenues and support	712,835
	<hr/>

EXPENSES

Program services	
Place based projects	135,237
Program development	22,279
Outreach	214,435
Advocacy	193,905
Total program services	<hr/> 565,856
Management and general	60,564
Fundraising	75,030
	<hr/>
Total expenses	701,450
	<hr/>
Increase (Decrease) in net assets without donor restrictions	11,385
	<hr/>

NET ASSETS WITH DONOR RESTRICTIONS:

Contributions-Foundations	<hr/> 168,469
Increase (Decrease) in net assets with donor restrictions	<hr/> 168,469
Change in Net Assets	179,854
Net Assets at Beginning of Year	<hr/> 252,671
Net Assets at End of Year	<hr/> <hr/> \$ 432,525

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

WISCONSIN WETLANDS ASSOCIATION, INC.
Madison, Wisconsin

Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services							
	Place based Projects	Program Development	Outreach	Advocacy	Total	Management and General	Fundraising	Total
Personnel	\$ 104,786	\$ 19,570	\$ 122,330	\$ 146,396	\$ 393,082	\$ 48,871	\$ 50,171	\$ 492,124
Professional Services	16,617	-	15,702	30,000	62,319	5,600	-	67,919
Travel and Meetings	3,007	253	8,996	1,906	14,162	-	-	14,162
Occupancy	4,784	997	6,297	6,698	18,776	2,378	2,398	23,552
Insurance	1,157	233	1,421	1,670	4,481	566	578	5,625
Printing and Copying	592	123	10,268	828	11,811	294	6,715	18,820
Service Fees	627	131	6,207	877	7,842	1,043	2,459	11,344
Postage and Shipping	36	8	3,918	51	4,013	31	3,751	7,795
Communication Services	577	115	2,636	808	4,136	282	296	4,714
Event Expenses	-	249	31,288	53	31,590	-	-	31,590
Supplies	253	53	1,361	355	2,022	126	373	2,521
Information Technology	1,283	237	1,529	1,593	4,642	566	6,281	11,489
Staff Development	906	189	1,192	1,268	3,555	450	454	4,459
Other	612	121	1,290	1,402	3,425	357	1,554	5,336
	<u>\$ 135,237</u>	<u>\$ 22,279</u>	<u>\$ 214,435</u>	<u>\$ 193,905</u>	<u>\$ 565,856</u>	<u>\$ 60,564</u>	<u>\$ 75,030</u>	<u>\$ 701,450</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, 2020

Cash Flows from Operating Activities

Change in net assets \$ 179,854

Adjustment to reconcile the change in net assets to
net cash provided by operating activities:

Depreciation 2,225

Amortization of operating lease right-of-use assets
greater (less) than operating lease cash flows 873

Changes in operating assets and liabilities:

Receivables 22,003

Unconditional promises to give (100,000)

Prepaid expenses (6,370)

Accounts payable and accrued expenses (561)

Net cash provided (used) by operating activities 98,024

Net (decrease) increase in cash 98,024

Cash at beginning of year 226,480

Cash at end of year \$ 324,504

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

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2020

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 2016.

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 revenue in the period promised and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. The Association records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques. The Association's promises to give as of June 30, 2020 are expected to be collected within one year. 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 \$2,225 for the year ended June 30, 2020.

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.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

K. Revenue Recognition

Grant revenue is recognized under the terms of the related grant agreement and project revenue is recognized when the related services are provided. Payments received which are related to future performance are deferred and recorded as revenue when earned.

L. 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.

M. 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.

N. Subsequent Events

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 30, 2020, the date the financial statements were available to be issued.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

O. Change in Accounting Principle

In February 2016, FASB issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases*. This standard provides new guidelines that change the accounting for leasing arrangements and is meant to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet (or statement of financial position) and disclosing key information about leasing arrangements. The Association has implemented the provisions of ASU No. 2016-02 under a modified retrospective approach. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2016-02.

2. Concentration of Credit Risk

The Association maintains cash balances at one financial institution located in Madison, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At June 30, 2020, the Association had \$88,337 in uninsured cash balances.

3. Operating Leases

The Association has entered into three leases under which the Association is the lessee. Specifically, the Association rents office space in Madison, Wisconsin, which includes parking and cleaning services, along with a sublease for a shared conference room, and a copier. All leases have fixed rental payments. The office lease payments increase annually at 2.50% of the base rental amount, while the conference room payments increase 2.75%. The Association has elected the practical expedient not to separate lease and nonlease components for all of leases noted above.

The Association has the option to extend its office lease for two additional separate one-year periods. The Association concludes that there is a reasonable possibility that these renewal periods will not be extended, and thus the renewal periods are not included in the lease term, and the related payments are not reflected in the right-of-use (“ROU”) asset and lease liability.

For the year ended June 30, 2020, the Association recognized operating lease costs of fixed rental expenses of \$24,307. Additionally, cash paid for amounts included in the measurement of the lease liabilities resulted in \$23,435 during the year ended June 30, 2020. These cash payments are reflected in operating activities on the statement of cash flows.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

3. Operating Leases (Continued)

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

	2021	\$	23,957
	2022		24,492
	2023		24,371
	2024		7,515
			80,335
Less effect of discounting			(7,864)
Lease liability recognized		\$	72,471

As of June 30, 2020, the weighted-average remaining lease term for all operating leases is 3.28 years. Since the Association does not have access to the rate implicit in the leases, the Association utilized its incremental borrowing rate as the discount rate. The weighted average discount rate as of June 30, 2020 is 6.50%.

4. Net Assets

Net assets without donor restrictions at June 30, 2020 consisted of the following:

Designated for Kirk McVoy Wetlands Defense Fund	\$	13,763
Undesignated		250,293
Net Assets Without Donor Restrictions	\$	264,056

Net assets with donor restrictions at June 30, 2020 consisted of the following:

Purpose restrictions:		
Wetland restoration	\$	68,469
Time restrictions:		
Subsequent years operations		100,000
Net Assets With Donor Restrictions	\$	168,469

5. COVID-19 Financial Assistance

The Association applied for and received a Paycheck Protection Program (“PPP”) loan through the U.S. Small Business Administration as part of the Coronavirus Aid, Relief, and Economic Security Act, signed into law by the U.S. Government on March 27, 2020.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

5. COVID-19 Financial Assistance (Continued)

The Association received \$79,700 on April 15, 2020. The proceeds were used for the allowed purposes under PPP's guidelines and the Association feels they have met PPP's eligibility criteria to have the amount forgiven in its entirety. The Association has chosen to follow FASB ASC 958-605 and has therefore recorded the PPP loan proceeds as revenue in the year ended June 30, 2020 rather than as a loan obligation as of June 30, 2020.

6. 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 \$20,196 for the year ended June 30, 2020.

7. 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 \$11,434 from the Fund in the year ended June 30, 2020. The fair value of the Fund at June 30, 2020 was \$301,834.

8. 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.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

8. Liquidity and Availability of Financial Assets (Continued)

The following table reflects the Association's financial assets as of June 30, 2020, 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, 2020
Cash	\$ 324,504
Receivables	10,464
Unconditional Promises to Give	100,000
Total financial assets	<u>434,968</u>
Less those unavailable for general expenditure within one year due to:	
Board designated Funds for Kirk McVoy Wetlands Defense Fund	(13,737)
Donor-imposed restrictions	<u>(168,469)</u>
Financial assets available to meet cash needs for expenditures within one year	<u><u>\$ 252,762</u></u>

9. 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, 2019.
- 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, 2019.

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

10. Subsequent Events

The recent spread of the COVID-19 coronavirus has created economic uncertainty internationally. The potential of COVID-19 have a financial and economic impact on the non-profit is a possibility, although no such impact is known at this time.