



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

For the Year Ended June 30, 2021

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

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INDEPENDENT AUDITOR'S REPORT

To the 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, 2021, 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, 2021, 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, 2020, Wisconsin Wetlands Association, Inc. adopted provision of Accounting Standards Update (ASU) 2014-09 (Topic 606): *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
December 14, 2021

WISCONSIN WETLANDS ASSOCIATION, INC.
Madison, Wisconsin

STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS

Current Assets

Cash	\$ 336,167
Governmental Agency Contract Receivables	124,343
Other Receivables	1,768
Prepaid Expenses	<u>8,872</u>
Total Current Assets	<u>471,150</u>

Property and Equipment

Equipment	13,584
Less: Accumulated Depreciation	(8,582)
Operating Lease Right-of-Use Asset	<u>51,287</u>
Net Property and Equipment	<u>56,289</u>

TOTAL ASSETS \$ 527,439

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 11,610
Payroll Liabilities	25,670
Current Portion of Operating Lease Liability	<u>21,995</u>
Total Current Liabilities	<u>59,275</u>

Long-Term Liabilities

Operating Lease Liability	<u>30,516</u>
Total Long-Term Liabilities	<u>30,516</u>

Net Assets

Net Assets with Donor Restrictions	52,362
Net Assets without Donor Restrictions	
Board Designated	13,774
Undesignated	<u>371,512</u>
Total Net Assets	<u>437,648</u>

TOTAL LIABILITIES AND NET ASSETS \$ 527,439

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, 2021

NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUES AND SUPPORT

Contributions	
Foundations	\$ 35,000
Special event sponsorships	48,200
Other contributions	393,625
Governmental agency contract revenue	215,930
Special events and promotions	39,700
Interest and dividends income	204
Miscellaneous	6,593
Net assets released from restrictions	<u>166,707</u>
 Total revenues and support	 <u>905,959</u>

EXPENSES

Program services	
Place based projects	256,827
Program development	17,185
Outreach	212,171
Advocacy	161,361
Total program services	<u>647,544</u>
 Management and general	 63,600
Fundraising	<u>73,585</u>
 Total expenses	 <u>784,729</u>
 Increase (Decrease) in net assets without donor restrictions	 <u>121,230</u>

NET ASSETS WITH DONOR RESTRICTIONS:

Contributions-Foundations	50,600
Net assets released from restrictions	<u>(166,707)</u>
 Increase (Decrease) in net assets with donor restrictions	 <u>(116,107)</u>
 Change in Net Assets	 5,123
Net Assets at Beginning of Year	<u>432,525</u>
Net Assets at End of Year	<u><u>\$ 437,648</u></u>

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, 2021

	Program Services							
	Place based Projects	Program Development	Outreach	Advocacy	Total	Management and General	Fundraising	Total
Personnel	\$ 161,438	\$ 15,686	\$ 144,405	\$ 137,931	\$ 459,460	\$ 51,929	\$ 40,037	\$ 551,426
Professional Services	73,098	-	21,975	6,000	101,073	6,100	-	107,173
Travel and Meetings	6,666	44	1,187	117	8,014	-	-	8,014
Occupancy	6,946	683	6,209	6,023	19,861	2,247	1,738	23,846
Insurance	1,632	161	1,459	1,415	4,667	528	408	5,603
Books and Subscriptions	-	-	5,632	599	6,231	-	-	6,231
Printing and Copying	833	82	9,507	722	11,144	269	8,275	19,688
Service Fees	755	74	6,506	659	7,994	954	2,112	11,060
Postage and Shipping	32	3	4,362	28	4,425	10	3,727	8,162
Communication Services	1,249	121	1,457	1,142	3,969	402	307	4,678
Event Expenses	-	-	150	56	206	-	649	855
Supplies	196	17	738	150	1,101	56	193	1,350
Information Technology	1,610	97	6,283	2,387	10,377	320	14,388	25,085
Staff Development	1,463	144	1,308	1,269	4,184	473	366	5,023
Other	909	73	993	2,863	4,838	312	1,385	6,535
	\$ 256,827	\$ 17,185	\$ 212,171	\$ 161,361	\$ 647,544	\$ 63,600	\$ 73,585	\$ 784,729

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, 2021

Cash Flows from Operating Activities

Change in net assets	\$ 5,123
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	352
Changes in operating assets and liabilities:	
Governmental agency contract receivables	(114,419)
Other receivables	(1,228)
Unconditional promises to give	100,000
Prepaid expenses	5,333
Accounts payable and accrued expenses	<u>14,277</u>
Net cash provided (used) by operating activities	<u>11,663</u>
Net (decrease) increase in cash	11,663
Cash at beginning of year	<u>324,504</u>
Cash at end of year	<u><u>\$ 336,167</u></u>

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

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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, 2021

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 2017.

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. 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, 2021.

I. 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.

J. Revenue Recognition

Some of the Association's programs are funded by contracts with various governmental agencies and municipalities. Revenue from government contracts is based upon the actual costs of providing services and is recognized at a point in time when the related services are provided. The Association's contracts and resulting revenue are directly impacted by the demand for the Association's wetlands management and other program services. Contracts contain consideration terms based on known contract fees for the different type of services to be provided by the Association for the governmental agencies and municipalities.

The Association recognizes registration fees for fundraising events and the sale of merchandise (i.e., books) at a point in time when the related events and sales have taken place. The Association's contracts and resulting revenue are directly impacted by the participation at the Association's events and the demand for the type of merchandise the Association is selling. Contracts contain consideration terms based on known fees for the type of event and merchandise sold.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

J. Revenue Recognition (Continued)

As of July 1, 2020, \$9,324 in government contract receivables were outstanding, while \$125,000 in receivables were outstanding as of June 30, 2021.

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.

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.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

M. Change in Accounting Principle

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosure about revenue. The Association has implemented Topic 606 and has adjusted the presentation of these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

N. Subsequent Events

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through December 14, 2021, the date the financial statements were available to be issued.

2. Concentration of Credit Risk

The Association maintains cash balances at one financial institution located in Madison, Wisconsin. The balances are insured by the National Credit Union Association up to \$250,000 per financial institution. At June 30, 2021, the Association had \$100,517 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, 2021, the Association recognized operating lease costs of fixed rental expenses of \$24,308. Additionally, cash paid for amounts included in the measurement of the lease liabilities resulted in \$23,957 during the year ended June 30, 2021. These cash payments are reflected in operating activities on the statement of cash flows.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

3. Operating Leases (Continued)

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

	2022	\$	24,492
	2023		24,371
	2024		7,515
			56,378
Less effect of discounting			(3,867)
Lease liability recognized		\$	52,511

As of June 30, 2021, the weighted-average remaining lease term for all operating leases is 2.28 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, 2021 is 6.50%.

4. Net Assets

Net assets without donor restrictions at June 30, 2021 consisted of the following:

Designated for Kirk McVoy Wetlands Defense Fund	\$	13,774
Undesignated		371,512
Net Assets Without Donor Restrictions	\$	385,286

Net assets with donor restrictions at June 30, 2021 consisted of the following:

Purpose restrictions:		
Wetland restoration	\$	52,362
Net Assets With Donor Restrictions	\$	52,362

5. 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 \$32,148 for the year ended June 30, 2021.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

6. 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 \$12,272 from the Fund in the year ended June 30, 2021. The fair value of the Fund at June 30, 2021 was \$356,707.

7. Commitments

In October 2020, the Association signed an agreement for lobbying services. The agreement is effective through June 30, 2022 with a monthly fee of \$1,000.

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, 2021

8. Liquidity and Availability of Financial Assets (Continued)

The following table reflects the Association's financial assets as of June 30, 2021, 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, 2021
Cash	\$ 336,167
Governmental agency contract receivables	124,343
Other receivables	<u>1,768</u>
Total financial assets	462,278
Less those unavailable for general expenditure within one year due to:	
Board designated Funds for Kirk McVoy Wetlands Defense Fund	(13,774)
Donor-imposed restrictions	<u>(52,362)</u>
Financial assets available to meet cash needs for expenditures within one year	<u><u>\$ 396,142</u></u>