



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

For the Year Ended June 30, 2022

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

Table of Contents

June 30, 2022

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	i-ii
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Activities.....	2
Statement of Functional Expenses	3
Statement of Cash Flows	4
Notes to Financial Statements.....	5-11



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Wisconsin Wetlands Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wisconsin Wetlands Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wisconsin Wetlands Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Wisconsin Wetlands Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wisconsin Wetlands Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
November 17, 2022

WISCONSIN WETLANDS ASSOCIATION, INC.
Madison, Wisconsin

STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS

Current Assets

Cash	\$ 442,380
Governmental Agency Contract Receivables	98,117
Other Receivables	1,764
Prepaid Expenses	<u>18,115</u>
Total Current Assets	<u>560,376</u>

Property and Equipment

Equipment	16,377
Less: Accumulated Depreciation	(10,946)
Operating Lease Right-of-Use Asset	<u>27,829</u>
Net Property and Equipment	<u>33,260</u>

TOTAL ASSETS \$ 593,636

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 14,222
Payroll Liabilities	19,322
Current Portion of Operating Lease Liability	<u>21,863</u>
Total Current Liabilities	<u>55,407</u>

Long-Term Liabilities

Operating Lease Liability	<u>6,932</u>
Total Long-Term Liabilities	<u>6,932</u>

Net Assets

Net Assets with Donor Restrictions	55,500
Net Assets without Donor Restrictions	
Board Designated	13,784
Undesignated	<u>462,013</u>
Total Net Assets	<u>531,297</u>

TOTAL LIABILITIES AND NET ASSETS \$ 593,636

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, 2022

NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUES AND SUPPORT

Contributions	
Foundations	\$ 7,162
Special event sponsorships	52,250
Other contributions	500,385
Program Services	
Governmental agency contract revenue	230,039
Special events and promotions	36,183
Interest and dividends income	195
Miscellaneous	1,207
Net assets released from restrictions	<u>52,362</u>
 Total revenues and support	 <u>879,783</u>

EXPENSES

Program services	
Place based projects	249,676
Program development	47,704
Outreach	182,678
Advocacy	134,115
Total program services	<u>614,173</u>
 Management and general	 75,909
Fundraising	<u>99,190</u>
 Total expenses	 <u>789,272</u>

Increase (Decrease) in net assets without donor restrictions 90,511

NET ASSETS WITH DONOR RESTRICTIONS:

Contributions-Foundations	55,500
Net assets released from restrictions	<u>(52,362)</u>
 Increase (Decrease) in net assets with donor restrictions	 <u>3,138</u>
 Change in Net Assets	 93,649
 Net Assets at Beginning of Year	 <u>437,648</u>
 Net Assets at End of Year	 <u>\$ 531,297</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, 2022

	Program Services							
	Place based Projects	Program Development	Outreach	Advocacy	Total	Management and General	Fundraising	Total
Personnel	\$ 190,453	\$ 43,312	\$ 137,488	\$ 109,440	\$ 480,693	\$ 55,034	\$ 62,359	\$ 598,086
Professional Services	35,623	-	7,875	12,000	55,498	13,233	1,400	70,131
Travel and Meetings	6,969	624	410	36	8,039	-	100	8,139
Occupancy	7,211	1,614	5,201	4,176	18,202	2,080	2,330	22,612
Insurance	1,783	530	1,380	1,118	4,811	552	616	5,979
Books and Subscriptions	2	1	2	2,791	2,796	1	1	2,798
Printing and Copying	872	195	11,120	545	12,732	252	10,759	23,743
Service Fees	555	124	5,733	322	6,734	1,591	1,809	10,134
Postage and Shipping	-	-	4,378	22	4,400	174	6,415	10,989
Communication Services	2,407	464	1,660	1,162	5,693	578	797	7,068
Event Expenses	-	-	948	-	948	-	-	948
Supplies	364	67	1,709	173	2,313	227	785	3,325
Information Technology	1,370	272	1,932	837	4,411	350	11,178	15,939
Staff Development	1,017	228	734	589	2,568	293	329	3,190
Other	1,050	273	2,108	904	4,335	1,544	312	6,191
	\$ 249,676	\$ 47,704	\$ 182,678	\$ 134,115	\$ 614,173	\$ 75,909	\$ 99,190	\$ 789,272

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, 2022

Cash Flows from Operating Activities

Change in net assets	\$ 93,649
Adjustment to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	2,365
Amortization of operating lease right-of-use assets greater (less) than operating lease cash flows	(258)
Changes in operating assets and liabilities:	
Governmental agency contract receivables	26,226
Other receivables	4
Prepaid expenses	(9,243)
Accounts payable and accrued expenses	<u>(3,736)</u>
Net cash provided (used) by operating activities	<u>109,007</u>

Cash Flows from Investing Activities

Purchase of equipment	<u>(2,794)</u>
Net cash provided (used) by investing activities	<u>(2,794)</u>
Net (decrease) increase in cash	106,213
Cash at beginning of year	<u>336,167</u>
Cash at end of year	<u><u>\$ 442,380</u></u>

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

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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 2018.

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 \$2,365 for the year ended June 30, 2022.

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, 2022

1. Summary of Significant Accounting Policies (Continued)

J. Revenue Recognition (Continued)

As of July 1, 2021, \$124,343 in government contract receivables were outstanding, while \$98,117 in receivables were outstanding as of June 30, 2022.

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, 2022

1. Summary of Significant Accounting Policies (Continued)

M. Subsequent Events

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 17, 2022, the date the financial statements were available to be issued.

N. Change in Accounting Principle

Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, as amended, supersedes or replaces nearly all GAAP nonfinancial asset contribution guidance. This standard increases the transparency of contributed nonfinancial assets for not-for-profit entities, as well as the amount of those contributions used in their programs and other activities. The Association has implemented ASU 2020-07 with no effect to the presentation of these financial statements. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

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, 2022, the Association had \$206,796 in uninsured cash balances.

3. Operating Leases

The Association has entered into two leases under which the Association is the lessee. Specifically, the Association rents office space in Madison, Wisconsin. All leases have fixed rental payments. The office lease payments increase annually at 2.50% of the base rental amount. 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, 2022, the Association recognized operating lease costs of fixed rental expenses of \$23,374. Additionally, cash paid for amounts included in the measurement of the lease liabilities resulted in \$23,554 during the year ended June 30, 2022. These cash payments are reflected in operating activities on the statement of cash flows.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

3. Operating Leases (Continued)

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

	2023	\$	22,918
	2024		7,026
			29,944
Less effect of discounting			(1,149)
Lease liability recognized		\$	28,795

As of June 30, 2022, the weighted-average remaining lease term for all operating leases is 1.29 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, 2022 is 6.50%.

4. Net Assets

Net assets without donor restrictions at June 30, 2022 consisted of the following:

Designated for Kirk McVoy Wetlands Defense Fund	\$	13,784
Undesignated		462,013
Net Assets Without Donor Restrictions	\$	475,797

Net assets with donor restrictions at June 30, 2022 consisted of the following:

Purpose restrictions:		
Wetland restoration	\$	55,500
Net Assets With Donor Restrictions	\$	55,500

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 \$30,092 for the year ended June 30, 2022.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

6. Endowment

In fiscal year 2014, the Association established a component endowment fund (the “Fund”) at Madison Community Foundation (“MCF”). MCF, 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 MCF 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 MCF variance power that allows MCF to modify the donors’ stipulations under certain circumstances as MCF 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 \$13,103 from the Fund in the year ended June 30, 2022. The fair value of the Fund at June 30, 2022 was \$311,108.

7. 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, 2022

8. Liquidity and Availability of Financial Assets

The following table reflects the Association's financial assets as of June 30, 2022, 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, 2022
Cash	\$ 442,380
Governmental agency contract receivables	98,117
Other receivables	<u>1,764</u>
Total financial assets	560,376
Less those unavailable for general expenditure within one year due to:	
Board designated Funds for Kirk McVoy Wetlands Defense Fund	(13,784)
Donor-imposed restrictions	<u>(55,500)</u>
Financial assets available to meet cash needs for expenditures within one year	<u><u>\$ 491,092</u></u>