



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants



**Wisconsin
Wetlands
ASSOCIATION**

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

For the Year Ended June 30, 2016

Quality service through our commitment to clients and staff.

www.johnsonblock.com

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

Table of Contents

June 30, 2016

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6-9
SUPPLEMENTAL INFORMATION	
Schedule of Functional Expenses	10



Certified Public Accountants

406 Science Drive, Suite 100 ▲ Madison, Wisconsin 53711-1097 ▲ TEL 608-274-2002 ▲ FAX 608-274-4320

INDEPENDENT AUDITOR'S REPORT

November 1, 2016

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, 2016, and the related statements of activities 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, 2016, 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.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information as noted in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Madison, Wisconsin

WISCONSIN WETLANDS ASSOCIATION, INC.
Madison, Wisconsin

STATEMENT OF FINANCIAL POSITION
June 30, 2016

ASSETS

Current Assets

Cash	\$ 116,609
Receivables	48,616
Prepaid Expenses	<u>3,635</u>
Total Current Assets	<u>168,860</u>

Fixed Assets

Equipment	5,007
Accumulated Depreciation	<u>(3,156)</u>
Net Fixed Assets	<u>1,851</u>

TOTAL ASSETS \$ 170,711

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 4,530
Payroll Liabilities	<u>13,102</u>
Total Current Liabilities	<u>17,632</u>

Net Assets

Unrestricted	
Board Designated	13,669
Undesignated	<u>139,410</u>
Total Net Assets	<u>153,079</u>

TOTAL LIABILITIES AND NET ASSETS \$ 170,711

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, 2016

	<u>Unrestricted</u>
<u>REVENUES AND SUPPORT</u>	
Contributions	
Foundations	\$ 62,000
Governmental Agencies	141,843
Other Contributions	192,641
Special Events and Promotions	108,923
Interest and Dividends Income	80
Miscellaneous	1,202
	<hr/>
Total Revenues and Support	506,689
	<hr/>
<u>EXPENSES</u>	
Program Services	
Outreach	197,393
Advocacy	177,324
	<hr/>
Total Program Services	374,717
Management and General	44,440
Fundraising	38,208
	<hr/>
Total Expenses	457,365
	<hr/>
Change in Net Assets	49,324
Net Assets at Beginning of Year	103,755
	<hr/>
Net Assets at End of Year	\$ 153,079
	<hr/> <hr/>

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, 2016

Cash Flows from Operating Activities

Change in Net Assets	\$ 49,324
Adjustment to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	1,001
Changes in operating assets and liabilities:	
Receivables	(18,586)
Prepaid Expenses	1,664
Accounts Payable and Accrued Expenses	<u>(6,006)</u>
Net cash provided (used) by operating activities	<u>27,397</u>
Net (Decrease) Increase in Cash	27,397
Cash at beginning of year	<u>89,212</u>
Cash at end of year	<u><u>\$ 116,609</u></u>

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

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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 three classes of net assets:

Unrestricted Net Assets - Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily Restricted Net Assets - Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions. Unless restricted by the donor, income earned on assets that are subject to donor-imposed temporary restrictions is considered unrestricted.

Permanently Restricted Net Assets - Net assets that have been restricted by donors to be maintained by the Association in perpetuity.

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, 2016

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 2012.

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 \$1,500 are capitalized at cost and depreciated over their useful lives using the straight-line method.

J. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets 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.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

1. Summary of Significant Accounting Policies (Continued)

K. Donated Assets and Services (Continued)

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 of the Association have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various programs and supporting services benefited.

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.

M. Subsequent Events

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 1, 2016, the date the financial statements were available to be issued.

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 \$12,629 for the year ended June 30, 2016.

3. Net Assets

Unrestricted net assets at June 30, 2016 consisted of the following:

Designated for Kirk McVoy Wetlands Defense Fund	\$ 13,669
Undesignated	<u>139,410</u>
Unrestricted net assets	<u><u>\$ 153,079</u></u>

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

4. Operating Leases

The Association rents office space in Madison, Wisconsin under a lease that expires in October, 2017. It requires monthly payments of \$1,634 to \$1,725, with annual increases of 2.75% of the base rental amount.

The Association has a 36-month copier lease that started in November, 2015 and requires monthly payments of \$274.

Rent expense was \$21,763 for the year ended June 30, 2016, which includes a monthly amount for shared conference room space, parking and cleaning services.

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

2017	\$	24,728
2018		10,563
2019		1,095

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 \$5,979 from the Fund in the year ended June 30, 2016. The fair value of the Fund at June 30, 2016 was \$258,685.

SUPPLEMENTAL INFORMATION

WISCONSIN WETLANDS ASSOCIATION, INC.
Madison, Wisconsin

Schedule of Functional Expenses
For the Year Ended June 30, 2016

	<u>Program Services</u>			<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Outreach</u>	<u>Advocacy</u>	<u>Total</u>			
Personnel	\$ 109,578	\$ 142,417	\$ 251,995	\$ 32,431	\$ 26,533	\$ 310,959
Professional Services	14,140	2,500	16,640	6,750	-	23,390
Events	31,758	1,401	33,159	18	610	33,787
Service Fees	6,766	2,700	9,466	862	1,352	11,680
Occupancy	7,662	10,212	17,874	2,175	1,714	21,763
Printing	9,906	3,298	13,204	354	2,103	15,661
Postage	3,899	383	4,282	52	3,772	8,106
Supplies	2,697	2,890	5,587	25	355	5,967
Travel and Meetings	8,255	8,932	17,187	-	162	17,349
Communications	1,224	1,512	2,736	312	246	3,294
Insurance	942	745	1,687	284	189	2,160
Dues and Fees	44	28	72	6	5	83
Other	522	306	828	1,171	1,167	3,166
	<u>\$ 197,393</u>	<u>\$ 177,324</u>	<u>\$ 374,717</u>	<u>\$ 44,440</u>	<u>\$ 38,208</u>	<u>\$ 457,365</u>