



**NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.**

FINANCIAL STATEMENTS

December 31, 2019 and 2018

## **C O N T E N T S**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
North American Lake Management Society, Inc.  
Madison, Wisconsin

We have audited the accompanying financial statements of North American Lake Management Society, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 North American Lake Management Society, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Adoption of New Accounting Pronouncement**

As discussed in Note 1 to the financial statements, North American Lake Management Society, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as of and for the year ended December 31, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.



Wegner CPAs, LLP  
Madison, Wisconsin  
December 10, 2020

**NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2019 and 2018

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 407,036	\$ 158,865
Accounts receivable	31,359	21,636
Prepaid expenses	-	7,788
Total current assets	438,395	188,289
<b>OTHER ASSETS</b>		
Endowment investments	50,633	42,028
<b>Total assets</b>	<u>\$ 489,028</u>	<u>\$ 230,317</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITY</b>		
Accounts payable	\$ 27,860	\$ 31,960
Accrued expenses	12,397	13,863
Deferred revenue	16,341	60,870
Total liabilities	56,598	106,693
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	206,673	-
Designated by the Board of Directors for Operating reserve	150,000	64,976
Total without donor restrictions	356,673	64,976
With donor restrictions	75,757	58,648
Total net assets	432,430	123,624
<b>Total liabilities and net assets</b>	<u>\$ 489,028</u>	<u>\$ 230,317</u>

See accompanying notes.

**NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2019 and 2018

	2019	2018
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
REVENUES		
Conferences	\$ 815,106	\$ 257,444
Membership dues	121,141	67,439
Publications	48,639	36,133
Contributions	12,132	22,931
Advertising	13,460	19,763
Lake manager certification fees	5,675	4,000
Investment return, net	16	102
Other revenue	1,660	-
	<u>1,017,829</u>	<u>407,812</u>
Total revenues without donor restrictions		
EXPENSES		
Program services		
Conferences	544,393	202,974
Publications	82,589	102,601
Other program services	7,965	10,772
Supporting activities		
Management and general	74,304	72,386
Member development	13,299	17,632
Fundraising	3,582	5,458
	<u>726,132</u>	<u>411,823</u>
Total expenses		
Change in net assets without donor restrictions	291,697	(4,011)
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	8,504	3,516
Investment return, net	8,605	(1,097)
	<u>17,109</u>	<u>2,419</u>
Change in net assets with donor restrictions		
<b>Change in net assets</b>	308,806	(1,592)
Net assets at beginning of year	<u>123,624</u>	<u>125,216</u>
<b>Net assets at end of year</b>	<u>\$ 432,430</u>	<u>\$ 123,624</u>

See accompanying notes.

**NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended December 31, 2019 and 2018

	2019						
	Program Services			Supporting Activities			Total Expenses
	Conferences	Publications	Other Programs	Management and General	Membership Development	Fundraising	
Personnel	\$ 50,082	\$ 6,197	\$ 6,630	\$ 46,731	\$ 11,070	\$ 2,981	\$ 123,691
Professional fees	-	24,000	-	13,658	-	-	37,658
Conferences	476,982	-	-	-	-	-	476,982
Printing and postage	2,200	51,417	291	2,053	486	131	56,578
Office expenses	6,203	417	446	5,335	745	201	13,347
Information technology	2,803	347	371	2,614	620	167	6,922
Occupancy	632	78	84	588	140	38	1,560
Insurance	1,077	133	143	1,004	238	64	2,659
Travel	4,414	-	-	-	-	-	4,414
Other expenses	-	-	-	2,321	-	-	2,321
<b>Total expenses</b>	<b>\$ 544,393</b>	<b>\$ 82,589</b>	<b>\$ 7,965</b>	<b>\$ 74,304</b>	<b>\$ 13,299</b>	<b>\$ 3,582</b>	<b>\$ 726,132</b>
	2018						
	Program Services			Supporting Activities			
	Conferences	Publications	Other Programs	Management and General	Membership Development	Fundraising	Total Expenses
Personnel	\$ 31,363	\$ 9,753	\$ 8,877	\$ 47,775	\$ 14,542	\$ 4,497	\$ 116,807
Professional fees	-	24,000	-	11,892	-	-	35,892
Conferences	156,270	-	-	-	-	-	156,270
Printing and postage	541	66,936	153	825	251	78	68,784
Office expenses	7,245	1,075	979	7,738	1,590	496	19,123
Information technology	1,483	461	420	2,258	688	213	5,523
Occupancy	419	130	119	638	194	60	1,560
Advertising and promotion	132	41	37	200	61	19	490
Insurance	661	205	187	1,006	306	95	2,460
Travel	4,860	-	-	-	-	-	4,860
Other expenses	-	-	-	54	-	-	54
<b>Total expenses</b>	<b>\$ 202,974</b>	<b>\$ 102,601</b>	<b>\$ 10,772</b>	<b>\$ 72,386</b>	<b>\$ 17,632</b>	<b>\$ 5,458</b>	<b>\$ 411,823</b>

See accompanying notes.

**NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2019 and 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 308,806	\$ (1,592)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for long-term purposes	(1,300)	(393)
Net realized and unrealized gain on investments	(7,736)	1,897
(Increase) decrease in assets		
Accounts receivable	(9,723)	(4,328)
Prepaid expenses	7,788	6,500
Increase (decrease) in liabilities		
Accounts payable	(4,100)	10,442
Accrued expenses	(1,466)	2,545
Deferred revenue	(44,529)	60,870
	247,740	75,941
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends and interest reinvested	(869)	(800)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for investment in permanent endowment	1,300	393
	248,171	75,534
<b>Net change in cash</b>		
Cash at beginning of year	158,865	83,331
	\$ 407,036	\$ 158,865
<b>Cash at end of year</b>	\$ 407,036	\$ 158,865

See accompanying notes.



**NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

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NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

North American Lake Management Society, Inc. (NALMS) is a membership organization comprised of individuals, local lake associations, and others whose mission is to forge partnerships among citizens, scientists, and professionals to foster the management and protection of lakes and reservoirs. NALMS accomplishes its mission by facilitating the exchange of information between members and others through the distribution of newsletters, journals, and other publications; coordinating regional and international symposia; and conducting programs and activities to support its members and chapters. NALMS has membership representation in approximately twenty countries around the world. NALMS's primary sources of revenue include conferences, membership dues, government grants, and sales of publications. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**Income Tax Status**

NALMS is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state franchise or income tax.

**Accounts Receivable**

Accounts receivable primarily represent amounts due for advertising sales, membership dues and from events provided by NALMS. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. As of December 31, 2019 and 2018, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

**Endowment Investments**

Endowment investments in marketable securities with readily determinable fair values are stated at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

**Revenue Recognition**

NALMS's revenue consists of membership dues, conference admission and booth sales, publications, advertising and lake manager certification fees.

NALMS recognizes revenue from membership dues ratably over the applicable membership period, which is one year beginning on January 1st. NALMS generally bills members three months in advance of the applicable membership period. NALMS provides publications and education and scientific resources to members in addition to discounts for members on conference registrations. Membership dues received in advance of the applicable membership period are deferred and recognized as revenue in that future period. Membership dues are nonrefundable.

Revenues from the conference admission and booth sales, publications, advertising and lake manager certification fees are generally considered to be single performance obligations that are satisfied at a point in time or over the period of the event. Sales and other taxes NALMS collects concurrent with revenue-producing activities are excluded from revenues.

**NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

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NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

**Contributions**

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

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, professional fees, printing and postage, office expenses, information technology, occupancy, advertising and promotion, and insurance, which are allocated on the basis of estimates of time and effort.

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

*Conferences*—NALMS coordinates a number of conferences held throughout North America to provide an opportunity for members to meet and exchange views with others on a diverse range of topics. Conferences include NALMS's Annual International Symposium, aimed at current research and management issues and the National Monitoring Conference, a biennial conference sponsored by the National Water Quality Monitoring Council. NALMS generally co-sponsors these events with a local affiliate or with federal governmental agencies such as the Environmental Protection Agency and the US Geological Survey.

*Publications*—NALMS's flagship publication, LakeLine Magazine, is published quarterly and is sent to members throughout the world. The articles in LakeLine encourage a lively exchange of ideas among members, report on the activities of lake associations and affiliates, and provide news and commentary. NALMS's scientific journal, Lake and Reservoir Management, publishes the best in peer-reviewed papers on lake and reservoir management and has become one of the most widely read and respected publications in the field. NALMS also publishes and distributes various journals, manuals, and educational materials to promote lakes and their management and to educate all levels of audiences.

*Other program services*—NALMS sponsors, co-sponsors, and/or organizes a number of scientific, management, education, outreach, and advocacy programs.

*Management and general*—Management and general activities relate to the overall direction of NALMS and include the functions necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of NALMS, and perform other administrative functions.

**NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

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NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

*Fundraising and membership development*—Fundraising activities relate to soliciting contributions from individuals, foundations, governments, and others, and other activities that involve inducing potential donors to contribute assets, services, or time to NALMS. NALMS maintains and supports a database of members that includes citizens, scientists, professionals, corporations, not-for-profit organizations, local chapters, and others with an interest in lake, reservoir, and watershed quality issues. Membership development expenses include the costs related to soliciting for prospective members, collecting memberships, membership relations, and similar activities.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

**Adoption of New Accounting Guidance**

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

NALMS adopted the requirements of the new guidance as of January 1, 2019, using the modified retrospective method of transition. In applying the new guidance, the Organization elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

The majority of NALMS's revenue is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of NALMS's contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on NALMS's financial statements. The majority of NALMS's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on NALMS's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

**Date of Management's Review**

Management has evaluated subsequent events through December 10, 2020, date which the financial statements were available to be issued.

**NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

**NOTE 2 – ENDOWMENT INVESTMENTS**

Endowment investments measured at fair values of assets measured on a recurring basis consisted of the following:

Assets at Fair Value as of December 31, 2019				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market fund	\$ 466	\$ 466	\$ -	\$ -
Exchange traded fund	50,167	50,167	-	-
<b>Total</b>	<b>\$ 50,633</b>	<b>\$ 50,633</b>	<b>\$ -</b>	<b>\$ -</b>
Assets at Fair Value as of December 31, 2018				
Money market fund	\$ 2,013	\$ 2,013	\$ -	\$ -
Exchange traded fund	40,015	40,015	-	-
<b>Total</b>	<b>\$ 42,028</b>	<b>\$ 42,028</b>	<b>\$ -</b>	<b>\$ -</b>

Fair values for the money market fund and exchange traded fund are determined by reference to quoted market prices and other relevant information generated by market transactions.

**NOTE 3 – COMMITMENTS AND CONTINGENCIES**

NALMS has contracted with a certain hotels and convention centers to hold future conferences at their locations. Total possible losses for cancellation of these events range from a minimum of approximately \$306,000 to a maximum of approximately \$468,000.

**NOTE 4 – NET ASSETS**

Net assets with donor restrictions were restricted for the following purposes:

	2019	2018
Symposium speaker and sessions	\$ 53,438	\$ 43,533
Student travel grants	20,358	13,154
Volunteer monitor travel grant	1,961	1,961
<b>Net assets with donor restrictions</b>	<b>\$ 75,757</b>	<b>\$ 58,648</b>

Net assets with donor restrictions held in the endowment fund must be invested in perpetuity, the income from which is expendable to support symposium speakers and sessions.

**NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 5 – CONFERENCES

Revenue from conferences consisted of the following:

	2019	2018
Conference registrations	\$ 594,272	\$ 153,234
Exhibitors fees	122,436	69,550
Sponsorships	51,250	15,725
Workshops registrations	39,648	17,335
Tours and special events	7,500	1,600
Conferences	\$ 815,106	\$ 257,444

NOTE 6 – ENDOWMENT

NALMS's G. Dennis Cooke Symposium endowment fund is a donor restricted endowment fund established to support specific programming at the annual symposium. NALMS's endowment consists of funds held in cash and investments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NALMS has determined that its net assets held in perpetuity meet the definition of endowment funds under Wisconsin's Uniform Prudent Management of Institutional Funds Act (UPMIFA). NALMS has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, NALMS considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. NALMS has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with UPMIFA, NALMS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of NALMS and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of NALMS, and (7) NALMS's investment policies.

NALMS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that NALMS must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce returns to fund the sustainability of NALMS's work while assuming a moderate level of investment risk.

**NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

NOTE 6 – ENDOWMENT (continued)

Changes in endowment net assets were as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	\$ -	\$ 43,533	\$ 43,533
Contributions	-	1,300	1,300
Investment return, net	-	8,605	8,605
	<u>\$ -</u>	<u>\$ 53,438</u>	<u>\$ 53,438</u>
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	\$ -	\$ 44,237	\$ 44,237
Contributions	-	393	393
Investment return, net	-	(1,097)	(1,097)
	<u>\$ -</u>	<u>\$ 43,533</u>	<u>\$ 43,533</u>

NOTE 7 – LIQUIDITY AND AVAILABILITY

The following reflects the NALMS's financial assets as of the date of the statement of financial position, reduced by amounts not available for general expenditures within one year because of donor-imposed restrictions or internal board designations:

	2019	2018
Cash	\$ 407,036	\$ 158,865
Accounts receivable	31,359	21,636
Endowment investments	50,633	42,028
Financial assets at year end	489,028	222,529
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(75,757)	(58,648)
Board designations:		
Designated for the operational reserve	(150,000)	(64,976)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 263,271</u>	<u>\$ 98,905</u>

As part of NALMS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

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**NOTE 8 – RETIREMENT PLAN**

NALMS has a SIMPLE IRA retirement plan that covers all employees with at least one month of service. NALMS matches up to 3% of employee contributions. The pension contributions charged to expense for 2019 and 2018 were \$3,068 and \$3,068, respectively.

**NOTE 9 – SUBSEQUENT EVENTS**

NALMS's operations may be affected by the recent and ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on NALMS is uncertain; however, it may result in a material adverse impact on NALMS's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to NALMS's donors and revenues, absenteeism in NALMS's workforce, and a decline in value of assets held by NALMS.