

Lumberjack Resource Conservation and Development Council, Inc.

Financial Statements

Year Ended December 31, 2017

WIPFLI^{LLP}
CPAs and Consultants

Lumberjack Resource Conservation and Development Council, Inc.

Financial Statements

Year Ended December 31, 2017

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Independent Auditor's Report

Board of Directors
Lumberjack Resource Conservation and Development Council, Inc.
Rhineland, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Lumberjack Resource Conservation and Development Council, Inc. (the "Council"), which comprise the statement of financial position as of December 31, 2017, and the related statement 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; 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. 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 Lumberjack Resource Conservation and Development Council, Inc. as of December 31, 2017, 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.

Wipfli LLP

Wipfli LLP

September 10, 2018
Rhineland, Wisconsin

Lumberjack Resource Conservation and Development Council, Inc.

Statement of Financial Position

December 31, 2017

Current assets:	
Cash and cash equivalents	\$ 545,572
Accounts receivable	12,497
Prepaid expenses	12,050
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Total current assets	570,119
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Other assets - Cash surrender value of insurance policy	214,686
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Property and equipment:	
Office equipment	16,343
Vehicles	152,183
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Totals	168,526
Less - Accumulated depreciation	90,787
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Net property and equipment	77,739
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TOTAL ASSETS	\$ 862,544
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Current liabilities:	
Accounts payable	\$ 3,522
Accrued wages, vacation, and payroll taxes	46,418
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Total current liabilities	49,940
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Net assets - Unrestricted	812,604
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TOTAL LIABILITIES AND NET ASSETS	\$ 862,544
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See accompanying notes to financial statements.

Lumberjack Resource Conservation and Development Council, Inc.

Statement of Activities

Year Ended December 31, 2017

Unrestricted public support and revenues:

Program service revenue	\$ 652,871
Membership dues	1,800
Interest revenue	18,194
Other income	4,698

Total unrestricted public support and revenues 677,563

Expenses:

Program services	623,628
Management and general	44,384

Total expenses 668,012

Excess of revenues over expenses	9,551
Gain on disposal of assets	7,202

Change in net assets	16,753
Net assets at beginning	795,851

Net assets at end \$ 812,604

See accompanying notes to financial statements.

Lumberjack Resource Conservation and Development Council, Inc.

Statement of Cash Flows

Year Ended December 31, 2017

Increase (decrease) in cash and cash equivalents:

Cash flows from operating activities:

Change in net assets	\$	16,753
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Adjustments to reconcile change in net assets to net cash provided by operating activities:

Provision for depreciation		20,194
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Gain on disposals of assets		(7,202)
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Change in cash surrender value of insurance policy		(14,686)
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Changes in operating assets and liabilities:

Accounts receivable		73,489
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Prepaid expenses		(8,063)
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Accounts payable		4,449
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Accrued wages, vacation, and payroll taxes		13,257
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Total adjustments		81,438
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Net cash provided by operating activities		98,191
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Cash flows from investing activities:

Purchase of property and equipment		(29,356)
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Proceeds from sale of fixed assets		7,202
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Net cash used in investing activities		(22,154)
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Net change in cash and cash equivalents		76,037
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Cash and cash equivalents at beginning		469,535
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Cash and cash equivalents at end	\$	545,572
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See accompanying notes to financial statements.

Lumberjack Resource Conservation and Development Council, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Organization Activity

The Lumberjack Resource Conservation and Development Council, Inc. (the "Council") focuses on conservation, development, and utilization of area natural resources to improve social, economic, and environmental conditions for area citizens. The majority of funding is received from contracts and grants.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Council are classified and reported as follows:

- Unrestricted net assets of the Council are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- Temporarily restricted net assets are those whose use by the Council have been limited by donors to a specific time period or purpose.
- Permanently restricted net assets have been restricted by donors to be maintained by the Council in perpetuity.

The Council did not have temporarily or permanently restricted net assets at December 31, 2017.

Use of Estimates

The preparation of the accompanying financial statements in accordance with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Donated Services

A substantial number of volunteers have donated significant amounts of their time in the Council's program services; however, these donated services are not reflected in the financial statements since the services are not professional in nature, and, as such, do not meet the criteria for recognition as contributed services.

Cash and Cash Equivalents

The Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Lumberjack Resource Conservation and Development Council, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management individually reviews all past due accounts receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of accounts receivable are reduced by allowances that reflect management's estimate of uncollectible amounts, if applicable. As of December 31, 2017, no allowance for doubtful accounts was considered necessary.

Property, Equipment, and Depreciation

Property and equipment are recorded at cost, or if donated, at fair market value at the date of donation. Maintenance and repair costs are charged to expense as incurred. Gains or losses on disposition of property and equipment are reflected in income. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets.

Accrued Vacation and Compensatory Time

Accrued vacation represents the Council's liability for the cost of unused employee vacation time payable in the event of employee resignation or termination. Employees may also accumulate compensatory time for hours worked in excess of 40 hours per week. Compensatory time is cumulative up to 200 hours and will be paid upon termination of employment.

Revenue Recognition

Program service grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant Awards That are Contributions - Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenues are recognized in the accounting period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as deferred revenue.

Grant Awards That are Exchange Transactions - Exchange transactions reimburse based on a predetermined rate for services performed. The revenues are recognized in the period the service is performed. Amounts received prior to performing services are reflected as contract advances.

Lumberjack Resource Conservation and Development Council, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

The Council is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 509(a) of the Code. The Council is also exempt from state income taxes on related income.

The Council assesses whether it is more-likely-than-not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Council has not identified any material uncertain positions.

Subsequent Events

Subsequent events have been evaluated September 10, 2018, which is the date the financial statements were available to be issued.

Note 2: Concentration of Credit Risk

Financial instruments that potentially subject the Council to credit risk consist principally of cash deposits in excess of insured limits at financial institutions.

The Council maintains its bank accounts at one (or more) financial institutions. Interest bearing accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At times, balances may exceed FDIC insured levels. Management has assessed the creditworthiness of these institutions and does not feel the deposits are subject to significant risk. The Council exceeded the insured limit by approximately \$29,000 at December 31, 2017.

Note 3: Retirement Plan

The Council has a Simplified Employee Pension Plan (SEP) covering eligible employees of the Council. Contributions to the plan are based on 3% of the eligible employee's salary. Employer contributions totaled \$7,757 for 2017.

Note 4: Major Revenue Source

The Council receives the majority of its funding from forest inventory contracts with the State of Wisconsin Department of Natural Resources. This funding represents 90% of total revenues during 2017.

Lumberjack Resource Conservation and Development Council, Inc.

Notes to Financial Statements

Note 5: Expenses by Classification

The breakdown of functional expenses by classification was as follows for the year ended December 31, 2017:

	2017		
	Program Services	Management and General	Total
Wages	\$ 366,798	\$ 14,551	\$ 381,349
Fringe benefits	72,517		72,517
Payroll taxes	27,571	497	28,068
Insurance	8,678	2,074	10,752
Office rent		7,675	7,675
Professional fees	34,926	2,000	36,926
Conferences and meetings	2,982	1,429	4,411
Travel and lodging	58,600	9,729	68,329
Office supplies	986	622	1,608
Telephone	5,167	1,185	6,352
Printing and reproduction	352	1,577	1,929
Supplies	8,733		8,733
Repairs and maintenance	10,028	442	10,470
Other	7,550	1,149	8,699
Depreciation expense	18,740	1,454	20,194
Total expenses	\$ 623,628	\$ 44,384	\$ 668,012