



NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.

FINANCIAL STATEMENTS

December 31, 2021 (Reviewed) and
December 31, 2020 (Audited)

C O N T E N T S

Independent Accountant's Review Report.....	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of North American Lake Management Society, Inc., which comprise the statement of financial position as of December 31, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of North American Lake Management Society, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2020 Financial Statements

The 2020 financial statements were audited by us and we expressed an unmodified opinion on them in our report dated November 2, 2021. Our report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole. We have not performed any auditing procedures on the financial statements since November 2, 2021.



Wegner CPAs, LLP
Madison, Wisconsin
January 16, 2023

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 (Reviewed) and 2020 (Audited)

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 550,918	\$ 402,847
Accounts receivable	40,273	16,022
Grants receivable	-	5,000
Prepaid expenses	6,657	9,427
	<u>597,848</u>	<u>433,296</u>
OTHER ASSETS		
Endowment investments	71,644	60,834
	<u>71,644</u>	<u>60,834</u>
Total assets	<u><u>\$ 669,492</u></u>	<u><u>\$ 494,130</u></u>
LIABILITIES		
CURRENT LIABILITY		
Accounts payable	\$ 15,811	\$ 980
Accrued expenses	13,606	13,232
Deferred revenue	56,084	50,830
	<u>85,501</u>	<u>65,042</u>
Total liabilities	85,501	65,042
NET ASSETS		
Without donor restrictions		
Undesignated	319,466	177,595
Designated by the Board of Directors for Operating reserve	150,000	150,000
	<u>469,466</u>	<u>327,595</u>
Total without donor restrictions	469,466	327,595
With donor restrictions	114,525	101,493
	<u>114,525</u>	<u>101,493</u>
Total net assets	<u>583,991</u>	<u>429,088</u>
Total liabilities and net assets	<u><u>\$ 669,492</u></u>	<u><u>\$ 494,130</u></u>

See independent accountant's review report and accompanying notes.

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 (Reviewed) and 2020 (Audited)

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions		
Contributions	\$ 18,692	\$ 13,853
Paycheck Protection Program loan forgiven	-	24,390
Contract and other revenues		
Conferences	296,002	80,924
Membership dues	97,063	70,995
Publications	49,089	37,618
Advertising	11,605	13,442
Lake manager certification fees	3,400	2,350
Investment return, net	20	32
Other revenue	241	998
Net asset released from restrictions	1,000	-
Total revenues without donor restrictions	477,112	244,602
EXPENSES		
Program services		
Conferences	118,666	74,415
Publications	94,839	81,596
Other programs	10,084	9,861
Supporting activities		
Management and general	97,687	85,414
Member development	10,344	12,776
Fundraising	3,621	9,618
Total expenses	335,241	273,680
Change in net assets without donor restrictions	141,871	(29,078)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	3,497	18,340
Investment return, net	10,535	7,396
Net assets released from restrictions	(1,000)	-
Change in net assets with donor restrictions	13,032	25,736
Change in net assets	154,903	(3,342)
Net assets at beginning of year	429,088	432,430
Net assets at end of year	<u>\$ 583,991</u>	<u>\$ 429,088</u>

See independent accountant's review report and accompanying notes.

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2021 (Reviewed) and 2020 (Audited)

	2021						
	Program Services			Supporting Activities			Total Expenses
	Conferences	Publications	Other Programs	Management and General	Membership Development	Fundraising	
Personnel	\$ 51,881	\$ 2,981	\$ 7,577	\$ 57,225	\$ 8,627	\$ 3,020	\$ 131,311
Professional fees	-	43,680	-	13,327	-	-	57,007
Conferences	50,450	-	-	-	-	-	50,450
Printing and postage	715	47,627	104	789	119	42	49,396
Office expenses	8,183	145	369	3,536	420	147	12,800
Information technology	5,819	334	850	6,418	968	339	14,728
Occupancy	229	13	33	254	38	13	580
Advertising and promotion	8	-	1	9	1	-	19
Insurance	1,026	59	150	1,130	171	60	2,596
Travel	355	-	-	-	-	-	355
Other expenses	-	-	-	14,999	-	-	14,999
Grants to others	-	-	1,000	-	-	-	1,000
Total expenses	\$ 118,666	\$ 94,839	\$ 10,084	\$ 97,687	\$ 10,344	\$ 3,621	\$ 335,241
	2020						
	Program Services			Supporting Activities			Total Expenses
	Conferences	Publications	Other Programs	Management and General	Membership Development	Fundraising	
Personnel	\$ 36,227	\$ 5,943	\$ 8,748	\$ 62,831	\$ 11,334	\$ 3,564	\$ 128,647
Professional fees	-	28,766	-	14,487	-	-	43,253
Conferences	28,661	-	-	-	-	-	28,661
Printing and postage	491	46,211	119	850	154	48	47,873
Office expenses	5,033	163	240	1,723	311	5,699	13,169
Information technology	1,976	324	477	3,429	618	194	7,018
Occupancy	439	72	106	763	137	43	1,560
Advertising and promotion	15	3	4	26	5	2	55
Insurance	693	114	167	1,202	217	68	2,461
Travel	880	-	-	-	-	-	880
Other expenses	-	-	-	103	-	-	103
Total expenses	\$ 74,415	\$ 81,596	\$ 9,861	\$ 85,414	\$ 12,776	\$ 9,618	\$ 273,680

See independent accountant's review report and accompanying notes.

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 (Reviewed) and 2020 (Audited)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 154,903	\$ (3,342)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Contributions restricted for long-term purposes	(613)	(275)
Net realized and unrealized gain on investments	(9,739)	(6,508)
(Increase) decrease in assets		
Accounts receivable	(24,251)	15,337
Grants receivable	5,000	(5,000)
Prepaid expenses	2,770	(9,427)
Increase (decrease) in liabilities		
Accounts payable	14,831	(26,880)
Accrued expenses	374	835
Deferred revenue	5,254	34,489
	148,529	(771)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends and interest reinvested	(796)	(888)
Purchases of investments	(275)	(2,805)
	(1,071)	(3,693)
Net cash flows from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in permanent endowment	613	275
	148,071	(4,189)
Net change in cash		
Cash at beginning of year	402,847	407,036
	\$ 550,918	\$ 402,847
Cash at end of year	\$ 550,918	\$ 402,847

See independent accountant's review report and accompanying notes.

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 (Reviewed) and 2020 (Audited)

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, contributions, and sales of publications. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

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, 2021 and 2020, 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 at December 31, 2021 and 2020, consist of exchange traded funds, which are valued at the closing price reported on the active market on which the securities are traded. 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, 2021 (Reviewed) and 2020 (Audited)

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.

Paycheck Protection Program Loan

NALMS received a loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. NALMS expects to meet the PPP's eligibility criteria and believes the loan is, in substance, a grant that is expected to be forgiven. NALMS recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

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.

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, 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

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 (Reviewed) and 2020 (Audited)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

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 programs—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.

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.

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.

Date of Management's Review

Management has evaluated subsequent events through January 16, 2023, date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF RISK

NALMS maintains cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation or National Credit Union Administration up to \$250,000. At December 30, 2020 there were no uninsured cash balances. As of December 31, 2021, NALMS had uninsured cash balances totaling approximately \$101,000.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

NALMS has contracted with 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 \$64,000 to a maximum of approximately \$128,000.

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 (Reviewed) and 2020 (Audited)

NOTE 4 – PAYCHECK PROTECTION PROGRAM LOAN

On May 2, 2020, NALMS received a \$24,390 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan accrues interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by NALMS during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over two years.

On March 29, 2021, the SBA preliminarily approved forgiveness of the loan and accrued interest. NALMS must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review NALMS' good-faith certification concerning the necessity of its loan request, whether NALMS calculated the loan amount correctly, whether NALMS used loan proceeds for the allowable uses specified in the CARES Act, and whether NALMS is entitled to loan forgiveness in the amount claimed on its application. If SBA determines NALMS was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 5 – NET ASSETS

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

	2021	2020
Permanent restrictions		
Symposium speaker and sessions	\$ 39,293	\$ 38,680
Purpose restrictions		
Symposium speaker and sessions	32,964	22,429
Student travel grants	35,927	33,423
Reckhow scholarships fund	4,000	5,000
Volunteer monitor travel grant	2,341	1,961
Net assets with donor restrictions	\$ 114,525	\$ 101,493

NOTE 6 – CONFERENCES

Revenue from conferences consisted of the following:

	2021	2020
Conference registrations	\$ 242,682	\$ 44,344
Exhibitors fees	9,875	-
Sponsorships	25,870	22,455
Workshops registrations	17,575	14,125
Conferences	\$ 296,002	\$ 80,924

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 (Reviewed) and 2020 (Audited)

NOTE 7 – 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.

Endowment net asset composition by type of fund as of December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>
Donor-restricted endowment funds		
Original donor-restricted gift amount	\$ 39,293	\$ 38,680
Accumulated investment gains	<u>32,964</u>	<u>22,429</u>
Total funds	<u>\$ 72,257</u>	<u>\$ 61,109</u>

NORTH AMERICAN LAKE MANAGEMENT SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 (Reviewed) and 2020 (Audited)

NOTE 7 – ENDOWMENT (continued)

Changes in endowment net assets were as follows:

	2021	2020
	With Donor Restrictions	With Donor Restrictions
Endowment net assets at beginning of year	\$ 61,109	\$ 53,438
Contributions	613	275
Investment return, net	10,535	7,396
Endowment net assets at end of year	\$ 72,257	\$ 61,109

NOTE 8 – LIQUIDITY AND AVAILABILITY

The following reflects the NALMS's financial assets as of the dates 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:

	2021	2020
Cash	\$ 550,918	\$ 402,847
Accounts receivable	40,273	16,022
Grants receivable	-	5,000
Endowment investments	71,644	60,834
Financial assets at year end	662,835	484,703
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor in perpetuity	(39,293)	(38,680)
Restricted by donor with purpose restrictions	(75,232)	(62,813)
Board designations:		
Designated for the operational reserve	(150,000)	(150,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 398,310	\$ 233,210

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.

NOTE 9 – 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 2021 and 2020 were \$3,270 and \$3,220, respectively.