



PASQUESI  
SHEPPARD LLC

ACCOUNTANTS AND CONSULTANTS

**THE WETLANDS INITIATIVE**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT**





PASQUESI  
SHEPPARD LLC

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF  
THE WETLANDS INITIATIVE

We have audited the accompanying financial statements of THE WETLANDS INITIATIVE (a non-profit corporation), which comprise the statements of financial position as of December 31, 2014 and 2013, 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 THE WETLANDS INITIATIVE as of December 31, 2014 and 2013, 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.

A handwritten signature in black ink that reads "Pasquesi Sheppard LLC". The signature is written in a cursive, flowing style.

Pasquesi Sheppard LLC  
May 1, 2015

**THE WETLANDS INITIATIVE**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2014 AND 2013**

	<b><u>2014</u></b>	<b><u>2013</u></b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 490,897	\$ 643,869
Accounts receivable	15,384	5,871
Pledges receivable	352,975	296,215
Grants receivable	256,186	135,862
Notes receivable	897,416	-
Land held for sale	511,949	-
Prepaid expenses	16,050	14,941
Total current assets	<b><u>\$ 2,540,857</u></b>	<b><u>\$ 1,096,758</u></b>
<b>LAND AND EQUIPMENT:</b>		
Land	\$ 1,871,955	\$ 786,949
Leasehold improvements	675,410	665,924
Office equipment	60,161	62,583
Equipment	31,828	26,878
Vehicles	100,080	100,080
	<b><u>\$ 2,739,434</u></b>	<b><u>\$ 1,642,414</u></b>
Less – Accumulated depreciation	280,084	248,091
Total land and equipment, net	<b><u>\$ 2,459,350</u></b>	<b><u>\$ 1,394,323</u></b>
<b>OTHER ASSETS:</b>		
Long-term pledges receivable	\$ 2,036,859	\$ 241,021
Long-term grants receivable	168,000	20,000
Long-term notes receivable	-	897,416
Total other assets	<b><u>\$ 2,204,859</u></b>	<b><u>\$ 1,158,437</u></b>
Total assets	<b><u>\$ 7,205,066</u></b>	<b><u>\$ 3,649,518</u></b>

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

THE WETLANDS INITIATIVE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

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	2014	2013
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of notes payable	\$ 354,449	\$ 51,121
Accounts payable	66,022	67,817
Accrued expenses	38,781	34,985
Deferred revenue	9,833	8,333
Total current liabilities	\$ 469,085	\$ 162,256
<b>NON-CURRENT LIABILITIES:</b>		
Notes payable, net of current portion shown above	\$ 777,884	\$ 848,811
Total liabilities	\$ 1,246,969	\$ 1,011,067
<b>NET ASSETS:</b>		
Unrestricted	\$ 3,104,323	\$ 1,849,474
Temporarily restricted	2,853,774	788,977
Total net assets	\$ 5,958,097	\$ 2,638,451
Total liabilities and net assets	\$ 7,205,066	\$ 3,649,518

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

THE WETLANDS INITIATIVE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

**UNRESTRICTED NET ASSETS**

	<u>2014</u>	<u>2013</u>
<b>REVENUES:</b>		
Program grants	\$ 1,653,933	\$ 392,751
Contributions	475,648	384,764
Contributions, in-kind	647	2,100
Rental income	52,852	52,852
Interest and dividends	166	307
Event income	2,215	27,160
Program fees	29,207	37,057
Miscellaneous income	575	7,085
Realized and unrealized loss on investments	(617)	(1,572)
	<u>\$ 2,214,626</u>	<u>\$ 902,504</u>
Net assets released from restrictions	550,457	427,474
	<u>\$ 2,765,083</u>	<u>\$ 1,329,978</u>
<b>EXPENSES:</b>		
Program services	\$ 1,231,336	\$ 1,139,140
Management and general	153,204	122,615
Fundraising expense	125,694	139,297
	<u>\$ 1,510,234</u>	<u>\$ 1,401,052</u>
Increase (decrease) in unrestricted net assets	<u>\$ 1,254,849</u>	<u>\$ (71,074)</u>
<b><u>TEMPORARILY RESTRICTED NET ASSETS</u></b>		
Capital campaign	\$ 13,979	\$ 27,408
Program grants	2,601,275	271,323
Net assets released from restrictions	(550,457)	(427,474)
	<u>\$ 2,064,797</u>	<u>\$ (128,743)</u>
Increase (decrease) in temporarily restricted net assets	<u>\$ 2,064,797</u>	<u>\$ (128,743)</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>\$ 3,319,646</u>	<u>\$ (199,817)</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,638,451</u>	<u>2,838,268</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 5,958,097</u></u>	<u><u>\$ 2,638,451</u></u>

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

# THE WETLANDS INITIATIVE

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Expense Account</u>	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising Expense</u>	<u>Total</u>
Salaries	\$ 640,471	\$ 87,643	\$ 83,681	\$ 811,795
Payroll taxes and benefits	113,554	15,539	14,836	143,929
Supplies	176,400	30	2,027	178,457
Repairs and maintenance	9,584	-	-	9,584
Telephone	6,766	376	376	7,518
Office expense	152	5,730	3,911	9,793
Reproduction and maps	948	1,012	850	2,810
Publications	-	-	11,082	11,082
Rent	61,175	6,797	-	67,972
General liability insurance	20,721	2,302	-	23,023
Levee District fees	4,371	-	-	4,371
Postage and delivery	3,055	611	2,444	6,110
Meetings and seminars	2,204	-	-	2,204
Contractors	60,724	165	3,787	64,676
Professional fees	666	25,865	1,112	27,643
Event expense	13,156	4,306	871	18,333
Meals and travel	20,514	1,512	717	22,743
Depreciation	40,538	-	-	40,538
Utilities - Morine House-Hennepin	2,898	-	-	2,898
Real estate taxes	2,771	-	-	2,771
Interest	45,224	-	-	45,224
Bad debt expense	3,842	-	-	3,842
Miscellaneous	1,602	1,316	-	2,918
Total functional expenses at December 31, 2014	<u>\$ 1,231,336</u>	<u>\$ 153,204</u>	<u>\$ 125,694</u>	<u>\$ 1,510,234</u>

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

**THE WETLANDS INITIATIVE**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

<b><u>Expense Account</u></b>	<b><u>Programs</u></b>	<b><u>General and Administrative</u></b>	<b><u>Fundraising Expense</u></b>	<b><u>Total</u></b>
Salaries	\$ 596,040	\$ 85,815	\$ 82,431	\$ 764,286
Payroll taxes and benefits	115,797	16,672	16,015	148,484
Temporary labor	685	-	-	685
Supplies	106,304	-	179	106,483
Repairs and maintenance	6,102	-	-	6,102
Telephone	6,550	364	364	7,278
Office expense	75	4,517	2,017	6,609
Reproduction and maps	2,444	654	680	3,778
Publications	3,806	-	7,126	10,932
Rent	60,696	6,744	-	67,440
General liability insurance	20,090	2,232	-	22,322
Levee District fees	8,642	-	-	8,642
Postage and delivery	2,012	402	1,610	4,024
Meetings and seminars	3,243	-	-	3,243
Contractors	54,447	-	-	54,447
Professional fees	34,760	4,128	3,965	42,853
Event expense	-	-	23,323	23,323
Meals and travel	23,121	275	1,152	24,548
Depreciation	40,735	-	-	40,735
Utilities - Morine House-Hennepin	3,115	-	-	3,115
Real estate taxes	3,186	-	-	3,186
Interest	45,958	-	-	45,958
Bad debt expense	-	750	-	750
Miscellaneous	1,332	62	435	1,829
Total functional expenses at December 31, 2013	<u>\$ 1,139,140</u>	<u>\$ 122,615</u>	<u>\$ 139,297</u>	<u>\$ 1,401,052</u>

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



**THE WETLANDS INITIATIVE**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 3,319,646	\$ (199,817)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities –		
Depreciation	40,538	40,735
Realized and unrealized loss	617	1,572
Impact on cash and cash equivalents from changes in –		
Receivables	(2,130,435)	228,582
Prepaid expenses	(1,109)	(2,418)
Accounts payable	(1,795)	22,734
Accrued expenses	3,796	3,154
Deferred compensation	-	(15,000)
Deferred revenue	1,500	-
Net cash provided by operating activities	<u>\$ 1,232,758</u>	<u>\$ 79,542</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	\$ 82,768	\$ 56,711
Contributions of investments	(83,386)	(48,332)
Purchases of property and equipment	(1,617,513)	(5,626)
Net cash provided by (used for) investing activities	<u>\$ (1,618,131)</u>	<u>\$ 2,753</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	\$ 300,000	\$ -
Payments on notes payable	(67,599)	(37,554)
Net cash provided by (used for) financing activities	<u>\$ 232,401</u>	<u>\$ (37,554)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ (152,972)</u>	<u>\$ 44,741</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>643,869</u>	<u>599,128</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 490,897</u>	<u>\$ 643,869</u>

**SUPPLEMENTARY INFORMATION**

Cash paid during the period for interest	<u>\$ 45,224</u>	<u>\$ 45,958</u>
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The accompanying notes are an integral part of these financial statements.

**THE WETLANDS INITIATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

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**(1) DESCRIPTION OF THE ORGANIZATION:**

The Wetlands Initiative (the Initiative) is an Illinois non-profit corporation dedicated to restoring the wetland resources of the Midwest to improve water quality, increase wildlife habitat and biodiversity, and reduce flood damages. The Initiative's goal is to design, research, and implement wetland restoration strategies that can be replicated on a large-scale.

Its primary sources of funding are contributions from public and private donors and government grants.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Initiative have been prepared on the accrual basis of accounting. The following is a summary of the major accounting policies and practices of the Initiative, which affect significant elements of the accompanying financial statements:

**Basis of Presentation** —

The Initiative reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent funds which are available for the Initiative to utilize, at the discretion of management and the Board of Directors, in any of its programs or supporting services.

Temporarily restricted net assets are comprised of funds which are restricted by donors for specific purposes and/or time periods. At December 31, 2014 and 2013, temporarily restricted net assets consisted of cash and receivables. See Note 8 for additional information on the composition of temporarily restricted net assets.

Permanently restricted net assets include contributions which donors have specified must be maintained in perpetuity. The related income may be expended for such purposes as specified by the donor. There were no permanently restricted net assets as of December 31, 2014 and 2013.

**THE WETLANDS INITIATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

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**Cash and Cash Equivalents** —

For purposes of the statements of cash flows, the Initiative considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. At various times in the course of its operations, the Initiative's cash balance will include restricted funds that have been received, but not yet expended for short-term costs.

**Pledges, Grants, and Accounts Receivable** —

The Initiative uses the direct write-off method for receivables which are deemed uncollectible. Management annually considers the need for an allowance for doubtful accounts, based on historical collections, knowledge of donors, etc. No allowance was deemed necessary as of December 31, 2014 or 2013. The Initiative incurred \$3,842 and \$750 of direct write-offs in 2014 and 2013, respectively.

**Contributions** —

The Initiative receives contributions from both public and private sources. In the year that they were made, the Initiative recognizes the full amount of the contributions, grants, and bequests received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

The Initiative reports gifts of cash and other assets as temporarily restricted if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, or a stipulated time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Initiative records donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support. Unrestricted contributions of long-lived assets and cash to acquire long-lived assets are treated as unrestricted when the acquired assets are placed in service.

The Initiative records non-cash contributions and contributions in-kind at their estimated fair market value at the date of the contribution.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution or grant revenue in accordance with donor-imposed restrictions, if any, on the contribution or grant.

## THE WETLANDS INITIATIVE

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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#### Functional Expenses —

The Initiative incurs costs that provide program, fundraising, and general and administrative benefit. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and support services based on periodic time and expense studies.

#### Land and Equipment —

Land and equipment are stated at cost, if purchased and at estimated fair market value at the date of the gift, if donated. Depreciation is computed on a straight-line basis over the estimated lives of the respective assets, which range from 5 to 39 years. The Initiative does not capitalize items valued at less than \$850.

In 2001 a majority of the land owned by the Initiative became subject to a federal grant agreement. The Initiative holds all rights pertaining to the land, but is bound to the contract's terms regarding its use, disposition, or encumbrance.

#### Tax-Exempt Status and Income Taxes —

The Initiative is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income. It is also exempt from state income taxes for related income and qualifies for charitable contribution deductions in regard to its donors. The Initiative would be subject to both federal and state taxes on unrelated business income, though it did not have any for 2014 and 2013.

As of December 31, 2014 and 2013, the Initiative did not have any uncertain tax positions that it is obligated to disclose. Additionally, there were no returns under review or open to review by taxing authorities in excess of statutory periods. The Initiative follows a conservative approach of research and open disclosure in regard to its tax-exempt status and positions held.

#### Financial Instruments —

Financial instruments, which potentially subject the Initiative to concentrations of credit risk, consist primarily of cash and receivables. The Initiative maintains one or more cash accounts which, at various times throughout the year, may minimally exceed the federally insured limits. The Initiative has not experienced any losses, and management believes it is not exposed to any significant credit risk on cash.

**THE WETLANDS INITIATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

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Concentrations of credit risk, with respect to receivables, are related to grants and contributions being promised to the Initiative over multiple years. The Initiative discounts the balances based on the time period the donor anticipates on paying. Any losses from contributions are reflected in the financial statements and have been within management's expectations.

**Use of Estimates** –

In preparing financial statements, in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(3) INVESTMENTS:**

The Initiative carries investments in equity and debt securities at their fair values in the statements of financial position. The Initiative held no investments at December 31, 2014 and 2013.

Unless otherwise restricted by a donor or other regulatory body, investment gains or losses and income are reported as unrestricted income.

**(4) NOTES RECEIVABLE:**

The Initiative holds a demand promissory note agreement with each of the Duck Entities (Note 15). The notes bear no interest and carry a total balance of \$897,416 at December 31, 2014 and 2013. The notes were considered long-term as of December 31, 2013, as they are subordinate to the Duck Entities Illinois Revenue Bonds. The notes are considered current as of December 31, 2014, as the Duck Entities intend to repay the promissory notes in 2015.

**THE WETLANDS INITIATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

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**(5) GRANTS AND PLEDGES RECEIVABLE:**

The present values of grants and pledges receivable at December 31, 2014 and 2013, were calculated using a discount rate of 3.27% and 5.8%, respectively. The Initiative amortizes the discount for each gift at a consistent rate over the long-term life of the gift. Grants and pledges receivable expected to be collected at year-end were as follows:

	<b><u>2014</u></b>	<b><u>2013</u></b>
Less than one year	\$ 609,161	\$ 432,077
One to five years	1,168,000	275,000
Greater than five years	1,500,000	-
Discount	<u>(463,141)</u>	<u>(13,979)</u>
Total	<b><u>\$ 2,814,020</u></b>	<b><u>\$ 693,098</u></b>

**(6) PURCHASE OF LAND:**

On December 17, 2014, the Initiative purchased roughly 417 acres of land in Hennepin, IL for \$1,596,955. The Initiative subsequently split this land into two parcels. The first parcel, roughly 283 acres, is intended for restoration and will be known going forward as "Hickory Hollow". The second parcel, roughly 134 acres, was classified as held for sale, and actively marketed at year-end. Subsequent to year-end, the second parcel was sold for \$495,800, and the proceeds were used to pay off the Conservation Fund Loan (see Note 8).

**(7) LINE OF CREDIT:**

On July 16, 2013, the Initiative entered into a line of credit agreement with a financial institution for \$150,000. The line bears interest at a rate of prime plus 1% (4.25% at December 31, 2013). As of December 31, 2013 there was no balance due on the line of credit. The line expired on July 30, 2014. Subsequent to year-end, the Initiative renewed the line of credit from March 20, 2015 through March 31, 2016, for the same principal amount and interest rate as the previous agreement.

THE WETLANDS INITIATIVE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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**(8) NOTES PAYABLE:**

On August 31, 2012, the Initiative entered into a loan agreement with a financial institution for \$1,000,000. The note is set to expire August 14, 2017, with interest being charged monthly at 4.75%. The balance at December 31, 2014 and 2013 was \$832,333 and \$899,932, respectively.

On December 17, 2014, the Initiative entered into a loan agreement with The Conservation Fund for \$300,000 to help finance the purchase of the Hickory Hollow land. The note is set to expire on December 16, 2015, with interest being charged at 3.25% and due upon maturity of the loan. Subsequent to year-end, the Initiative sold the land held for sale and used the proceeds to pay off the Conservation Fund Loan.

As of December 31, 2014, future maturities of notes payable were as follows:

2015	\$ 354,449
2016	57,025
2017	<u>720,859</u>
Total	<u><u>\$ 1,132,333</u></u>

The bank note is secured by approximately \$250,000 in cash held in a savings account at the financial institution noted above and personal guarantees totaling \$375,000 from five members of the Initiative's Board. The note contains various restrictions and covenants. At December 31, 2014 and 2013, the Initiative was in compliance with the various restrictions and covenants.

THE WETLANDS INITIATIVE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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**(9) TEMPORARILY RESTRICTED NET ASSETS:**

Temporarily restricted net assets are available for the following purposes or years:

	<u>2014</u>	<u>2013</u>
Capital Campaign Fund	\$ 250,000	\$ 486,021
Hennepin & Hopper	2,123,605	10,572
Hickory Hollow	315,000	-
Midewin - Grant Creek	-	2,755
Midewin - Lobelia Meadows	-	177,668
Midewin Outreach	-	12,834
South Prairie Creek Outwash Plain	-	39,517
South Prairie Creek Bunker Hill	43,583	-
South Prairie Creek Hydrologic	100,400	-
Springbrook	18,686	40,810
Directors Levee Campaign	2,500	18,800
Total	<u>\$ 2,853,774</u>	<u>\$ 788,977</u>

During the year ended December 31, 2014, the following amounts were released from restriction due to the lapse of time restrictions and/or expenditures for the following purposes:

Capital Campaign Fund	\$ 250,000
Hennepin & Hopper	10,572
Midewin - Grant Creek	2,755
Midewin - Lobelia Meadows	177,669
Midewin Outreach	12,834
South Prairie Creek Outwash Plain	39,517
Springbrook	40,810
Directors Levee Campaign	16,300
Total	<u>\$ 550,457</u>



**THE WETLANDS INITIATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

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**(10) RENTAL INCOME:**

The Initiative is the lessor of a section of land along the Illinois River under an operating lease that is set to expire in 2016. The lease calls for quarterly lease payments.

As of December 31, 2014 and 2013, the Initiative received advanced lease payments of \$8,333. The Initiative recorded these amounts as deferred revenue.

The future minimum rental income, required under the lease, is as follows as of the year ended December 31, 2014:

2015	\$ 50,000
2016	<u>37,500</u>
Total	<u><u>\$ 87,500</u></u>

Additionally, the Initiative may, at times, enter into various agreements with renters who use elements of the property as its projects sites and pay immaterial amounts of rental income. The Initiative had rental income in 2014 and 2013 of \$52,852.

**(11) RETIREMENT PLAN:**

The Initiative offers a 403(b) salary reduction plan to all eligible employees. The Initiative's contributions to the plan have been determined by the Board of Directors. As of December 31, 2014 and 2013, contributions to the plan were \$18,067 and 18,272, respectively.

**(12) LEASE:**

The Initiative leases its office space under a lease that expires February 28, 2017. The Initiative recorded rent expense totaling \$67,972 and \$67,440, respectively, for the years ended December 31, 2014 and 2013. The future minimum annual lease payments required under the lease are as follows for the year ended December 31, 2014:

2015	\$ 67,924
2016	69,962
2017	<u>11,717</u>
Total	<u><u>\$ 149,603</u></u>

**THE WETLANDS INITIATIVE**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

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**(13) IN-KIND GIFTS AND CONTRIBUTED SERVICES:**

The Initiative received and recognized as in-kind contribution revenue from donated professional services of \$647 and \$2,100, respectively, for the years ended December 31, 2014 and 2013 . These in-kind contributions are recognized at fair value when donated and matching in-kind expenses are recorded in the financial statements according to the functional area(s) benefitted.

The Initiative also receives assistance from various individuals who contribute their time as volunteers. Since these hours do not meet the accounting standards requirements for recognition of professional services or creation or enhancement of non-financial assets, they have not been assigned a value for reflection in the accompanying financial statements.

**(14) MAJOR DONORS:**

Major donors are those donors who accounted for 15% or more of the Initiative's contributions and grants or pledge and grant receivables. In 2014, two donors accounted for 67.4% of contributions and grants and 81.3% of pledge and grant receivables. In 2013, three donors accounted for 33.8% of contributions and grants and 81.7% of pledge and grant receivables.

**(15) RELATED PARTIES:**

The Initiative is involved with the following entities:

**The Levee District –**

The Levee District (the District) is the local governmental unit that oversees the area of land parcels owned by the Initiative, the Duck Entities (see below), and one individual landowner.

In conjunction with its mission of wetlands restoration, the Initiative may fund or help fund projects and repairs that assist the entire District and for which other members of the District may not have the resources to supply.

Once a year, the Initiative invoices the District for various expenses paid or incurred on its behalf, such as maintenance, bookkeeping, supplies, etc. For the District's fiscal years ended September 30, 2014 and 2013, it was billed \$15,531 and \$17,615, respectively. Of these amounts, \$6,982 and \$4,229 still remained as receivables at December 31, 2014 and 2013, respectively.

THE WETLANDS INITIATIVE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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**The Duck Entities** –

Seven 501(c)(3) organizations, each named after a particular species of duck (collectively, the Duck Entities), are part of the District. A minority share of the Board of Directors at the Initiative also sits on the Board of the Duck Entities.

Each of the Duck Entities holds bond debt, the payments for which, along with their operating costs, are principally derived from multi-year government grants. The Initiative contributes an immaterial amount of bookkeeping time, postage costs, etc., to the Duck Entities every year. Such expenses approximate \$1,500 per year. There were no amounts due to/from the Initiative and the Duck Entities as of December 31, 2014 and 2013.

The Initiative has various fixed assets that are physically located on property owned by the Duck Entities. The Initiative retains title to these and performs any routine maintenance and repairs needed.

**(16) SUBSEQUENT EVENTS:**

The Initiative's management has performed an analysis of activities and transactions subsequent to December 31, 2014, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year then ended. Management has performed this analysis through May 1, 2015, the date the financial statements were available to be issued.

On March 20, 2015, the Initiative renewed its line of credit (see Note 7) through March 31, 2016.

On April 10, 2015, the Initiative sold the land held for sale (see Note 6) for \$495,800 and used the proceeds to pay off the Conservation Foundation Loan (see Note 8).

On April 29, 2015, the Initiative, as lessor of land, agreed to a lease extension through November, 2021 (see Note 10).