

North Lakeland Discovery Center, Inc.

Financial Statements

Years Ended September 30, 2024 and 2023

North Lakeland Discovery Center, Inc.

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Independent Auditor's Report

To the Board of Directors of
North Lakeland Discovery Center, Inc. (a nonprofit organization)
Manitowish Waters, WI

Opinion

We have audited the accompanying financial statements of North Lakeland Discovery Center, Inc., which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Lakeland Discovery Center, Inc. as of September 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Lakeland Discovery Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Lakeland Discovery Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 North Lakeland Discovery Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Lakeland Discovery Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

MBE CPAs, LLP

Reedsburg, WI
September 29, 2025

North Lakeland Discovery Center, Inc.
Statements of Financial Position
September 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 400,243	\$ 466,189
Contracts receivable	84,312	24,828
Grants receivable	62,144	29,164
Prepaid payroll tax liabilities	1,031	-
Unconditional promises to give, net - current portion	236,391	88,825
Total Current Assets	784,121	609,006
Property Equipment		
Construction in progress	53,042	62,620
Buildings and improvements	5,097,044	4,908,094
Grounds equipment	198,437	198,437
Recreation equipment	121,934	121,934
Donated office equipment	15,000	15,000
Office equipment	93,634	124,323
Less: Accumulated depreciation	(1,209,489)	(1,106,260)
Net Property and Equipment	4,369,602	4,324,148
Other Assets		
Trademark	2,000	2,000
Less: Accumulated amortization	(1,444)	(1,311)
Unconditional promises to give, net	4,245	14,856
Beneficial interest in assets held by Community Foundation	176,646	150,036
Total Other Assets	181,447	165,581
Total Assets	\$ 5,335,170	\$ 5,098,735
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 4,139	\$ 3,686
Credit card payable	3,479	4,197
Accrued wages	21,546	15,084
Accrued vacation	14,897	13,779
Payroll tax liabilities	391	2,665
Deferred revenue	5,226	2,830
Total Current Liabilities	49,678	42,241
Net Assets		
Without donor restrictions	4,823,151	4,654,810
With donor restrictions	462,341	401,684
Total Net Assets	5,285,492	5,056,494
Total Liabilities and Net Assets	\$ 5,335,170	\$ 5,098,735

The notes to the financial statements are an integral part of this statement.

North Lakeland Discovery Center, Inc.
Statements of Activities
For the Years Ended September 30, 2024 and 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Program fees	\$ 279,685	\$ -	\$ 279,685
Membership fees	260,547	-	260,547
Grants	89,080	16,547	105,627
Contributions	119,945	21,621	141,566
Capital Campaign	-	295,343	295,343
Facilities use	71,115	-	71,115
Special events	57,060	43,226	100,286
Retail and concession income	19,986	-	19,986
In-kind contributions	17,124	-	17,124
Other revenue and expenses:			
Interest income - bank	11,399	-	11,399
Investment income (loss), net	32,580	-	32,580
Discount on pledges	-	(7,184)	(7,184)
Uncollected pledges - written off	-	472	472
Gain/(loss) on disposal of assets	(9,206)	-	(9,206)
Net assets released from restrictions	309,368	(309,368)	-
Total Revenue, Support, and Gains	1,258,683	60,657	1,319,340
Expenses			
Program Services			
Program Services	871,135	-	871,135
Total Program Services	871,135	-	871,135
Supporting Services			
Management & general	148,638	-	148,638
Total Supporting Services	148,638	-	148,638
Fundraising			
Fundraising	70,569	-	70,569
Total Fundraising	70,569	-	70,569
Total Expenses	1,090,342	-	1,090,342
Increase (Decrease) in Net Assets	168,341	60,657	228,998
Net Assets - Beginning of Year	4,654,810	401,684	5,056,494
Net Assets - End of Year	\$ 4,823,151	\$ 462,341	\$ 5,285,492

The notes to the financial statements are an integral part of this statement.

North Lakeland Discovery Center, Inc.
Statements of Activities
For the Years Ended September 30, 2024 and 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Program fees	\$ 180,620	\$ -	\$ 180,620
Membership fees	219,735	-	219,735
Grants	90,845	30,850	121,695
Contributions	41,250	49,006	90,256
Capital Campaign	-	110,650	110,650
Facilities use	64,262	-	64,262
Special events	38,677	32,365	71,042
Retail and concession income	18,651	-	18,651
In-kind contributions	19,156	8,169	27,325
Other revenue and expenses:			
Interest income - bank	588	8,800	9,388
Investment income (loss), net	13,087	-	13,087
Discount on pledges	-	18,438	18,438
Uncollectible pledges - written off	-	(772)	(772)
Other income	818	-	818
Gain/(loss) on disposal of assets	5,030	-	5,030
Net assets released from restrictions	1,283,068	(1,283,068)	-
Total Revenue, Support, and Gains	1,975,787	(1,025,562)	950,225
Expenses			
Program Services			
Program Services	738,308	-	738,308
Total Program Services	738,308	-	738,308
Supporting Services			
Management & general	140,778	-	140,778
Total Supporting Services	140,778	-	140,778
Fundraising			
Fundraising	74,999	-	74,999
Total Fundraisng	74,999	-	74,999
Total Expenses	954,085	-	954,085
Increase (Decrease) in Net Assets	1,021,702	(1,025,562)	(3,860)
Net Assets - Beginning of Year	3,633,108	1,427,246	5,060,354
Net Assets - End of Year	\$ 4,654,810	\$ 401,684	\$ 5,056,494

The notes to the financial statements are an integral part of this statement.

North Lakeland Discovery Center, Inc.
Statements of Functional Expenses
For the Years Ended September 30, 2024 and 2023

2024

	Program Services	Supporting Services		
		Management & General	Fundraising	
Program and Supporting Expenses	Program Services			Total
Capital campaign expense	\$ 405	\$ -	\$ -	\$ 405
Credit card expenses	9,993	-	-	9,993
Continuing education	2,079	-	-	2,079
Depreciation and amortization	151,093	-	-	151,093
Donor funded projects	5,703	-	-	5,703
Dues and subscriptions	8,853	-	-	8,853
Employee benefits	40,492	12,726	4,628	57,846
Fundraising	-	-	7,952	7,952
In-kind expenses	3,278	-	13,846	17,124
Insurance	33,744	-	-	33,744
Marketing	7,379	-	1,302	8,681
Office expense and postage	11,639	-	2,054	13,693
Payroll taxes	25,069	7,879	2,865	35,813
Permits and applications	940	-	-	940
Program expenses	189,625	-	-	189,625
Professional services	-	23,744	-	23,744
Repairs and maintenance	11,151	-	-	11,151
Retail and concession expense	13,854	-	-	13,854
Salaries and wages	323,464	101,660	36,966	462,090
Supplies	3,002	943	343	4,288
Telephone	4,125	1,297	472	5,894
Travel	1,237	389	141	1,767
Utilities	16,129	-	-	16,129
Vehicle expense	7,881	-	-	7,881
Total Program and Supporting Expenses	\$ 871,135	\$ 148,638	\$ 70,569	\$ 1,090,342

The notes to the financial statements are an integral part of this statement.

North Lakeland Discovery Center, Inc.
Statements of Functional Expenses
For the Years Ended September 30, 2024 and 2023

2023

	Program Services	Supporting Services		
Program and Supporting Expenses	Program Services	Management & General	Fundraising	Total
Capital campaign expense	\$ 3,580	\$ -	\$ -	\$ 3,580
Credit card expenses	10,730	-	-	10,730
Continuing education	2,393	-	-	2,393
Depreciation and amortization	120,229	-	-	120,229
Donor funded projects	18,277	-	-	18,277
Dues and subscriptions	4,758	-	-	4,758
Employee benefits	47,534	14,939	5,432	67,905
Fundraising	-	-	12,315	12,315
In-kind expenses	13,479	-	13,846	27,325
Insurance	31,531	-	-	31,531
Marketing	8,282	-	1,461	9,743
Miscellaneous expense	-	352	-	352
Office expense and postage	11,820	-	2,086	13,906
Payroll taxes	25,024	7,865	2,860	35,749
Permits and applications	706	-	-	706
Program expenses	63,038	-	-	63,038
Professional services	-	15,875	-	15,875
Repairs and maintenance	12,509	-	-	12,509
Retail and concession expense	13,722	-	-	13,722
Salaries and wages	312,081	98,083	35,666	445,830
Supplies	4,547	1,429	520	6,496
Telephone	6,525	2,052	746	9,323
Travel	582	183	67	832
Utilities	17,848	-	-	17,848
Vehicle expense	9,113	-	-	9,113
Total Program and Supporting Expenses	\$ 738,308	\$ 140,778	\$ 74,999	\$ 954,085

The notes to the financial statements are an integral part of this statement.

North Lakeland Discovery Center, Inc.
Statements of Cash Flows
For the Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities:		
Increase (Decrease) in Net Assets	\$ 228,998	\$ (3,860)
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation and amortization	151,093	120,229
(Gain) Loss on disposal of assets	11,781	(5,030)
Investment (income) loss, net	(32,580)	(13,087)
Changes in assets:		
Contracts receivable	(59,484)	(16,547)
Grants receivable	(32,980)	(29,164)
Prepaid payroll tax liabilities	(1,031)	-
Unconditional promises to give, net - current portion	(136,955)	349,036
Changes in liabilities:		
Accounts payable	453	(10,572)
Credit card payable	(718)	(3,097)
Accrued wages	6,462	214
Accrued vacation	1,118	(4,330)
Payroll tax liabilities	(2,274)	1,256
Deferred revenue	2,396	(5,019)
Net Cash Provided by (Used in) Operating Activities	136,279	380,029
Cash Flows From Investing Activities:		
Purchases of property and equipment	(208,195)	(1,227,618)
Proceeds from sale of assets	-	6,000
Purchases of assets held in Community Foundation	-	(30,100)
Proceeds from sale of investments	5,970	6,309
Net Cash Provided by (Used in) Investing Activities	(202,225)	(1,245,409)
Net Increase (Decrease) in Cash	(65,946)	(865,380)
Cash and Cash Equivalents - Beginning of Year	466,189	1,331,569
Cash and Cash Equivalents - End of Year	\$ 400,243	\$ 466,189

The notes to the financial statements are an integral part of this statement.

North Lakeland Discovery Center, Inc.
Notes to the Financial Statements
September 30, 2024 and 2023

Note A – Summary of Significant Accounting Policies

Nature of Operations

The North Lakeland Discovery Center, Inc. (the Organization) is a non-stock, nonprofit Wisconsin Corporation organized under Chapter 181 of the Wisconsin Statutes and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Its headquarters are in Manitowish Waters, Wisconsin. The purpose of the Organization is to enrich lives and inspire an ethic of care for Wisconsin's Northwoods, through the facilitation of connections among people, nature and community. The Organization is a hands-on field education center. Schools, clubs, and the general public utilize the programs and facilities. Funding for the Organization comes from corporate and individual membership dues, workshop fees, camp store sales, and donations from businesses, service clubs, and individuals.

Basis of Accounting

The financial statements of North Lakeland Discovery Center, Inc. are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP), and reflect all significant receivables, payables, and other liabilities, accordingly.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of North Lakeland Discovery Center, Inc.'s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of North Lakeland Discovery Center, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all interest-bearing deposits with an original maturity of three months or less.

Contracts Receivable

Receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the outstanding balances, it has concluded that realization losses on balances outstanding at year-end will be immaterial. If amounts become uncollectible they are charged to expense in the period in which that determination is made. Accounts are considered past due if not collected within 30 days of the invoice. No interest is charged on past due accounts.

North Lakeland Discovery Center, Inc.
Notes to the Financial Statements
September 30, 2024 and 2023

Note A – Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses

The Organization offsets gross contracts receivable with an allowance for credit losses. The allowance for credit losses is the Organization's best estimate of the amount of probable credit losses in the Organization's existing contracts receivable and is based upon historical loss patterns and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for doubtful accounts are recorded in the statement of activities.

Estimating credit losses based on risk characteristics requires significant judgment by the Organization. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the Organization's financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions.

The Organization reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business, and the estimated life of its financial assets.

In order to estimate expected credit losses, the Organization assesses recent historical experience, current economic conditions and any reasonable and supportable forecasts to identify risk characteristics that are shared within the financial asset. In the absence of current economic conditions and/or forecasts that may affect future credit losses, the Organization has determined that recent historical experience provides the best basis for estimating credit losses.

The Organization's allowance for contracts receivable is computed based upon the likelihood of future uncollectible accounts. For the years ended September 30, 2024 and 2023, management estimated the allowance for contracts receivable to be immaterial.

Promises to Give

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is deemed to be unconditional. The gifts are donor restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional Promises to Give

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Organization did not have any conditional promises to give as of September 30, 2024 and 2023.

Unconditional Promises to Give

Management individually reviews all past due balances of unconditional promises to give and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of unconditional promises to give are reduced by collection reserves that reflect management's estimate of uncollectible amounts.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on unconditional promises to give is computed using an approximate 4.36% and 4.22% rate for the years ended September 30, 2024 and 2023, respectively. The amortization of the discount is recognized as contribution income over the duration of the pledge.

North Lakeland Discovery Center, Inc.
Notes to the Financial Statements
September 30, 2024 and 2023

Note A – Summary of Significant Accounting Policies (continued)

Investments

Investments are reported at cost, if purchased, or at fair value on the date of donation, if donated. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in unrestricted revenue unless the income or loss is restricted by donor or law. For the years ended September 30, 2024 and 2023, investment fees were \$1,795 and \$1,640, respectively.

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. The cost of assets sold, retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of asset disposal. Any resulting gain or loss on disposal is recognized in that same year. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments exceeding \$5,000 that materially extend the life of an asset are capitalized.

Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	<u>Years</u>
Building and Improvements	5 - 40
Grounds Equipment	5 - 10
Recreation Equipment	5 - 20
Office Equipment	3 - 10

Depreciation expense for the years ended September 30, 2024 and 2023 was \$148,577 and \$120,096, respectively.

As of September 30, 2024, there were two building projects under construction. The project that was under construction as of September 30, 2023, was completed and was placed in service in February 2024. Construction in progress as of September 30, 2024 and 2023 was \$216,517 and \$62,620, respectively.

Contributed Nonfinancial Assets

Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by a like amount included in assets or expenses. Contributed materials are recorded at the fair market value at the time the donation is received. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

For the years ended September 30, contributed nonfinancial assets recognized within the statements of activities included:

	2024	2023
Materials	\$ 17,124	\$ 27,325
Services	-	-
Total	<u>\$ 17,124</u>	<u>\$ 27,325</u>

The Organization recognized contributed nonfinancial assets within revenue, including contributed construction costs related to a building, land, and furniture. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

North Lakeland Discovery Center, Inc.
Notes to the Financial Statements
September 30, 2024 and 2023

Note A – Summary of Significant Accounting Policies (continued)

Contributed Nonfinancial Assets (continued)

The Organization receives support from volunteers for various programs, which have not been reflected in the accompanying financial statements because they did not meet the criteria for recognition.

Some of the contributed materials were utilized in fundraising activities, as presented in the Statement of Functional Expenses, and consisted of items to be sold at fundraising events as silent auction items. Other contributed materials were utilized in program activities, as presented in the Statement of Functional Expenses, and consisted of supplies and small grounds and lake equipment. In valuing the contributed materials, the Organization estimated the fair value on the basis of comparable items in the consumer market.

Contributed services recognized comprise of professional services related to collecting and monitoring contributions for the capital campaign. Contributed services are valued and reported at estimated fair value in the financial statements based on current rates for similar professional services. Contributed services are used for program, and management and general activities.

Intangible Assets

The intangible assets consist of a trademark, which is amortized over 15 years. Intangible assets are amortized using the straight line method. Amortization expense totaled \$133 and \$133 for the years ended September 30, 2024 and 2023, respectively.

Scheduled amortization expense for the following years ending September 30:

Amortization expense 2025	\$133
Amortization expense 2026	\$133
Amortization expense 2027	\$133
Amortization expense 2028	\$133
Amortization expense 2029	\$24

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Leases

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

North Lakeland Discovery Center, Inc.
Notes to the Financial Statements
September 30, 2024 and 2023

Note A – Summary of Significant Accounting Policies (continued)

Leases

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease or October 1, 2022, for existing leases upon the adoption of Topic 842. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date or remaining term for leases existing upon the adoption of Topic 842.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Compensated Absences

Under the terms of employment, employees are granted paid-time-off hours each year determined on the number of years of employment. Employees are allowed to carryover $\frac{1}{2}$ of allotted paid time off to the following calendar year but must use that time by the end of April the following year. Accumulated benefits are recorded as expenses in the year earned. Only benefits considered vested are disclosed in these financial statements. The amount of vested vacation benefits as of September 30, 2024 and 2023 was \$14,897 and \$13,779, respectively.

Income Taxes

North Lakeland Discovery Center, Inc. is a not-for-profit organization exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is classified as other than a private foundation.

Revenue Recognition

A portion of the Organization's revenue is derived from cost-reimbursable Federal and State contracts and grants, which are conditioned upon certain performance requirements. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. As of September 30, 2024 and 2023, the Organization has not received cost-reimbursement grants for which qualifying expenditures have not yet been incurred.

Another source of revenue for the Organization is derived from fees collected for organized programs. The Organization recognizes registration fees revenue from organized programs when earned (i.e., when the organized program has been held) rather than when paid. Revenue from organized programs is earned at a point of time as those services are provided within a few hours. Deposits and prepayments of registration fees are recorded as deferred until the organized program is held.

North Lakeland Discovery Center, Inc.
Notes to the Financial Statements
September 30, 2024 and 2023

Note A – Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Organization offers recreational facilities, lodge, bunkhouses and a scenic amphitheater for rent. The premises are offered for short term rentals, which could be a day or a week. The premises are often rented for weddings, family or class reunions, business and organizational meetings, outdoor education camps and programs, and school sports training clinics. A deposit is required to be paid to reserve the facilities. Deposits are accounted for as returnable deposits until the event occurs at which time revenue is recognized. Contract revenue for the years ended September 30, 2024 and 2023 was \$109,843 and \$100,776, respectively. On the financial statements, contract revenue of \$71,115 is reported as Facilities use and \$38,728 is reported as Program fees for the year ended September 30, 2024. On the financial statements, contract revenue of \$64,262 is reported as Facilities use and \$36,514 is reported as Program fees for the year ended September 30, 2023.

Opening and closing balances for contract liabilities and contracts receivable arising from contracts with customers is as follows:

	<u>09/30/24</u>	<u>10/01/24</u>
Contract liabilities	\$ 5,226	\$ 2,830
	5,226	
Contracts receivable	\$ 84,312	\$ 24,828
	<u>09/30/23</u>	<u>10/01/23</u>
Contract liabilities	\$ 2,830	\$ 7,849
Contracts receivable	\$ 24,828	\$ 8,281

Unconditional Contributions Received

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions as shown in the statements of activities as net assets released from restrictions.

The Organization reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional Contributions Received

Conditional contributions - that is, those with a measurable performance or other barrier and a right of return - are not recognized as revenue until the conditions on which they depend have been met. Conditional contributions received are accounted for as a liability in the period they are received. There were no conditional contributions received as of September 30, 2024 and 2023.

Accounting for Uncertainty in Income Taxes

The Organization has evaluated for uncertain tax positions. Management has determined there are no uncertain tax positions as of September 30, 2024. Both Federal and State tax returns remain open for examination by tax jurisdictions through their respective statutes of limitations.

North Lakeland Discovery Center, Inc.
Notes to the Financial Statements
September 30, 2024 and 2023

Note A – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program, supporting services, and fundraising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program, supporting services, and fundraising activities benefited on the basis of periodic time and expense studies.

Advertising

The Organization expenses advertising costs when they are paid. Advertising expense totaled \$2,567 and \$2,982 for the years ended September 30, 2024 and 2023, respectively.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. As of September 30, 2024 and 2023, these risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Date of Management's Review

Management has evaluated subsequent events through September 29, 2025, the date on which the financial statements were available to be issued.

Note B – Uninsured Cash

Deposits of the Organization are subject to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an Organization will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of the outside party.

The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000. At September 30, 2024 and 2023, the balances in excess of the FDIC insured limits were approximately \$103,338 and \$167,110, respectively.

Note C – Beneficial Interest in Assets Held by Community Foundation

The Organization has a beneficial interest in assets held by the Natural Resources Foundation, which is a local community foundation. The Board of Directors of the Community Foundation has sole discretion as to the investment and reinvestment of these funds and has variance power over the funds, which allows the Board of Directors to modify any restriction or condition of the distribution of the funds.

North Lakeland Discovery Center, Inc.
Notes to the Financial Statements
September 30, 2024 and 2023

Note D – Unconditional Promises to Give

Unconditional promises to give are reported at present value depending on the expected payment date. In 2018, the Organization began a capital campaign to obtain funds to make improvements to the campus, building, and programming. Pledges are expected to be realized as follows:

Amounts due in:	September 30, 2024	September 30, 2023
Less than one year	\$ 244,333	\$ 93,500
One to five years	9,244	16,349
Gross unconditional promises to give	253,577	109,849
Less:		
Unamortized discount	(202)	(668)
Allowance for uncollectible pledges – current	(12,442)	(4,675)
Allowance for uncollectible pledges – non-current	(297)	(825)
Unconditional promises to give, net	\$ 240,636	\$ 103,681

Note E – Easement

The majority of the land and buildings that comprise the North Lakeland Discovery Center, Inc. campus are owned by the Wisconsin Department of Natural Resources ("DNR"). Effective March 17, 2016, the Organization occupies the premises under a Perpetual Easement. The easement is for the purpose of maintaining, operating, repairing and replacing the facilities and grounds on the trails and premises, including any future improvements or additions to the present facilities for the use by the general public consistent with the Organization's mission to enrich lives and inspire an ethic of care for Wisconsin's Northwoods, through facilitation of connections among nature, people and community, providing low or no-cost nature-based outdoor education and recreational programs open to the public.

Note F – Availability and Liquidity

The following reflects North Lakeland Discovery Center, Inc.'s financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date.

Financial assets at year end:	September 30, 2024	September 30, 2023
Cash and cash equivalents	\$ 400,243	\$ 466,189
Contracts receivable	84,312	24,828
Grant receivable	62,144	29,164
Unconditional promises to give, net	240,636	103,681
Beneficial interest in assets held by Community Foundation	176,646	150,036
Total Financial Assets	963,981	773,898
Less those unavailable for general expenditures within one year:		
Donor restricted funds for capital campaign	(118,400)	(285,164)
Donor restricted funds for special purposes	(343,941)	(116,520)
Board Designations:		
Beneficial interest in assets held by Community Foundation	(176,646)	(150,036)
Financial assets available to meet cash needs for general expenditures within one year	\$ 324,994	\$ 222,178

North Lakeland Discovery Center, Inc.
Notes to the Financial Statements
September 30, 2024 and 2023

Note G – Fair Value Measurements

The Organization's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that are not corroborated by market data.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table presents by level, within the fair value hierarchy, the Organization's investment assets at fair value. As required, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Level 3 inputs utilized by the Organization are beneficial interest values provided directly by the Community Foundation. Information regarding assets measured at fair value on a recurring basis is as follows:

Description	9/30/2024	Level 1	Level 2	Level 3
Beneficial Interest	\$ 176,646	\$ -	\$ -	\$ 176,646
Total	\$ 176,646	\$ -	\$ -	\$ 176,646

Description	9/30/2023	Level 1	Level 2	Level 3
Beneficial Interest	\$ 150,036	\$ -	\$ -	\$ 150,036
Total	\$ 150,036	\$ -	\$ -	\$ 150,036

North Lakeland Discovery Center, Inc.
Notes to the Financial Statements
September 30, 2024 and 2023

Note G – Fair Value Measurements (continued)

Fair values of assets measured on a recurring basis are as follows at September 30, 2024 and 2023:

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

10/01/23 Opening Balance	\$ 150,036
Contributions	-
Fees	(1,795)
Disbursements	(5,970)
Dividends and interest income	6,125
Net realized and unrealized gain (loss)	28,250
09/30/24 Closing Balance	<u>\$ 176,646</u>
10/01/22 Opening Balance	\$ 113,158
Contributions	30,100
Fees	(1,640)
Disbursements	(6,309)
Dividends and interest income	5,076
Net realized and unrealized gain (loss)	9,651
09/30/23 Closing Balance	<u>\$ 150,036</u>

Note H – Leases

The Organization leases a postage meter, storage units, and small equipment under operating lease agreements that have initial terms of less than twelve months. All identified leases are accounted for using the guidance for short term leases. The Organization's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the years ended:

Lease expense	September 30, 2024	September 30, 2023
Operating lease expense	\$ -	\$ -
Short-term lease expense	400	2,071
Variable lease expense	-	-
Total	<u>\$ 400</u>	<u>\$ 2,071</u>

North Lakeland Discovery Center, Inc.
Notes to the Financial Statements
September 30, 2024 and 2023

Note I – Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods:

	September 30, 2024	September 30, 2023
Battelle Neon Grant	-	4,370
Besadny Grant	2,075	1,271
Bird Club	8,036	9,257
Boulder Junction	1,666	-
Capital Campaign	118,400	285,164
CellCom Green 2023 - 2024	600	-
Dutton Grant 2023	1,709	5,000
FAN 2023 Interp Signage	7,300	7,300
FAN 2023 Maint Position	5,537	16,134
FAN Staff 2023	-	6,100
FAW 2022 Critter Care	-	3,737
Friends of Van Vilet	24,395	24,560
Garden Club	1,470	2,366
Gebhardt Pavilian Project	5,000	-
NFHM -Green Building	272,451	11,765
NRF Pollinator Grant	-	7,500
Phillips 2023 Payroll	-	2,000
Phillips Apparel 2023 - 2024	246	-
St Matthias	8,123	10,220
Story Walk 2021 - 2022	1,436	-
WE Energies 2024	4	-
Xcel Grant	3,021	3,500
Xcel NSPW Grant	872	1,077
2023 AIS Vehicles	-	363
	<u>\$ 462,341</u>	<u>\$ 401,684</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors were \$309,368 and \$1,283,068 for the years ended September 30, 2024 and 2023, respectively.

Net assets without donor restrictions for the years ended September 30, 2024 and 2023 are as follows:

	09/30/24	09/30/23
Undesignated	\$ 4,648,890	\$ 4,504,774
Board designated to community foundation agency fund	<u>176,646</u>	<u>150,036</u>
Total Net Assets Without Donor Restrictions	<u><u>\$ 4,825,536</u></u>	<u><u>\$ 4,654,810</u></u>

North Lakeland Discovery Center, Inc.
Notes to the Financial Statements
September 30, 2024 and 2023

Note J – Retirement Plan

The Organization has a defined contribution retirement plan for eligible employees. Employees are eligible if they work at least 500 hours, are over the age of 21, and have been employed with the Organization for at least 6 months. North Lakeland Discovery Center, Inc. makes discretionary matching contributions depending on the length of service of participating employees. During the first 5 years of employment, the maximum match is 3%. After 5 years of employment the maximum match is 5%. For the years ended September 30, 2024 and 2023, expenses under this plan were \$10,132 and \$11,141, respectively.

Note K – Long-Term Debt

In June 2021, the Organization secured a note payable in the amount of \$650,000. The funds were intended to be used for the construction in progress. The note matured on June 15, 2024 and was not renewed. There were no disbursements made on the note as of September 30, 2024. Therefore, total long-term debt as of September 30, 2024 and 2023 was \$0 and \$0, respectively.

Note L – Reclassifications

A reclassification has been made to the September 30, 2023 financial statement presentation to correspond to the current year's format. Total net assets and changes in net assets are unchanged due to these reclassifications.