

Wilderness Inquiry, Inc.
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
December 31, 2020 and 2019



CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
EXHIBIT A: Statements of Financial Position – December 31, 2020 and 2019.....	2
EXHIBIT B: Statements of Activities and Changes in Net Assets – For the Years Ended December 31, 2020 and 2019.....	3
EXHIBIT C: Statement of Functional Expense – For the Year Ended December 31, 2020 with Comparative Totals for 2019.....	4
EXHIBIT D: Statement of Functional Expense – For the Year Ended December 31, 2019.....	5
EXHIBIT E: Statements of Cash Flows – For the Years Ended December 31, 2020 and 2019.....	6
NOTES TO FINANCIAL STATEMENTS	7-18



Carpenter, Evert & Associates

Certified Public Accountants
7760 France Avenue S. Suite 940 Bloomington Minnesota 55435
952.831.0085 carpenterevert.com

Independent Auditor's Report

Board of Directors
Wilderness Inquiry, Inc.
Minneapolis, Minnesota

We have audited the accompanying financial statements of Wilderness Inquiry Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expense, 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 Wilderness Inquiry, Inc. as of December 31, 2020 and 2019, 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.

Carpenter Evert and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
March 18, 2021

WILDERNESS INQUIRY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and Cash Equivalents	\$ 791,293	\$ 745,487
Short-Term Investments	1,158,879	614,050
Accounts Receivable	28,296	12,119
Grants and Pledges Receivable	287,387	235,511
Prepaid Expenses	<u>64,343</u>	<u>156,128</u>
Total Current Assets	2,330,198	1,763,295
Noncurrent Assets:		
Property and Equipment - Net	1,774,833	1,937,136
Investments:		
Endowment Fund	1,596,644	1,549,986
457b Deferred Compensation Market Value	<u>499,913</u>	<u>420,751</u>
TOTAL ASSETS	<u>\$ 6,201,588</u>	<u>\$ 5,671,168</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Accounts Payable	\$ 24,861	\$ 72,024
Accrued Vacation and Salary	232,568	114,425
Deferred Revenue	575,993	290,511
Gift Certificates	<u>74,311</u>	<u>47,095</u>
Total Current Liabilities	907,733	524,055
Long-term Liabilities:		
457b Deferred Compensation	<u>499,913</u>	<u>420,751</u>
Total Liabilities	1,407,646	944,806
Net Assets:		
Without Donor Restrictions	3,710,216	3,655,536
With Donor Restrictions	<u>1,083,726</u>	<u>1,070,826</u>
Total Net Assets	<u>4,793,942</u>	<u>4,726,362</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,201,588</u>	<u>\$ 5,671,168</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

WILDERNESS INQUIRY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 2,454,882	\$ 177,000	\$ 2,631,882	\$ 2,145,064	\$ 176,000	\$ 2,321,064
Program Service Fees	371,366	-	371,366	1,593,221	-	1,593,221
Endowment Payout	60,777	-	60,777	59,853	-	59,853
Short-Term Investment Income	(728)	-	(728)	(236)	-	(236)
Miscellaneous Income	32,721	-	32,721	30,891	-	30,891
Special Events						
Special Events Income	49,600	-	49,600	115,617	-	115,617
Costs of Direct Benefits to Donors	(12,817)	-	(12,817)	(13,958)	-	(13,958)
Special Events - Net	36,783	-	36,783	101,659	-	101,659
Net Assets Released from Restrictions:						
Satisfaction of Program and Time Restrictions	166,000	(166,000)	-	192,000	(192,000)	-
Satisfaction of Capital Restrictions	-	-	-	15,000	(15,000)	-
Total Support and Revenue	3,121,801	11,000	3,132,801	4,137,452	(31,000)	4,106,452
Expense:						
Program Services:						
Share the Adventure	810,102	-	810,102	2,004,348	-	2,004,348
Canoemobile	908,633	-	908,633	831,674	-	831,674
Individuals & Families with Disabilities	452,857	-	452,857	717,993	-	717,993
Total Program Services	2,171,592	-	2,171,592	3,554,015	-	3,554,015
Support Services:						
Management and General	712,243	-	712,243	535,829	-	535,829
Fundraising	228,268	-	228,268	199,106	-	199,106
Total Support Services	940,511	-	940,511	734,935	-	734,935
Total Expense	3,112,103	-	3,112,103	4,288,950	-	4,288,950
Change in Net Assets - Operating	9,698	11,000	20,698	(151,498)	(31,000)	(182,498)
Change in Value of Endowment	105,451	-	105,451	230,888	-	230,888
Less: Endowment Payout for Operations	(60,777)	-	(60,777)	(59,853)	-	(59,853)
Net Change in Value of Endowment	44,674	-	44,674	171,035	-	171,035
Endowment Contributions	308	1,900	2,208	6,113	1,550	7,663
Change in Net Assets	54,680	12,900	67,580	25,650	(29,450)	(3,800)
Net Assets - Beginning of Year	3,655,536	1,070,826	4,726,362	3,629,886	1,100,276	4,730,162
Net Assets - End of Year	\$ 3,710,216	\$ 1,083,726	\$ 4,793,942	\$ 3,655,536	\$ 1,070,826	\$ 4,726,362

The accompanying Notes to Financial Statements
are an integral part of these statements.

WILDERNESS INQUIRY, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR 2019

	2020						2019	
	Program Services			Support Services			Total All Services	Total All Services
Share the Adventure	Canoe/mobile	Disabilities	Total Program Services	Management & General	Fund-raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 342,454	\$ 342,454	\$ 1,268,347	\$ 160,550	\$ 176,605	\$ 337,155	\$ 1,605,502	\$ 1,758,938
Payroll Taxes	20,734	20,734	76,792	9,720	10,692	20,412	97,204	127,355
Employee Benefits	33,270	33,270	123,221	15,598	17,157	32,755	155,976	232,421
Total Personnel Costs	396,458	396,458	1,468,360	185,868	204,454	390,322	1,858,682	2,118,714
Contract Services	21,378	2,264	65,577	288,521	16,440	304,961	370,538	537,606
Trip Expenses	257,777	20,334	300,809	-	-	-	300,809	851,626
Insurance	46,826	16,096	146,331	11,595	311	11,906	158,237	169,761
Facilities	11,779	3,588	33,958	35,604	400	36,004	69,962	115,806
Supplies	11,053	1,187	18,392	20,110	3,389	23,499	41,891	30,310
Credit Card Fees	695	232	1,853	21,074	232	21,306	23,159	35,364
Telephone/Website	557	186	1,486	16,898	186	17,084	18,570	22,390
Outreach and Promotion	4,455	478	7,412	8,105	1,366	9,471	16,883	44,242
Transportation	12,569	991	14,654	10	3	13	14,667	76,987
Miscellaneous	398	133	1,062	12,072	133	12,205	13,267	17,742
Postage	2,622	282	4,363	4,771	804	5,575	9,938	44,585
Travel and Entertainment	1,123	121	1,869	2,044	344	2,388	4,257	47,185
Printing and Copying	673	72	1,119	1,224	206	1,430	2,549	13,738
Depreciation	41,739	10,435	104,347	104,347	-	104,347	208,694	162,894
Total Expense	\$ 810,102	\$ 452,857	\$ 2,171,592	\$ 712,243	\$ 228,268	\$ 940,511	\$ 3,112,103	\$ 4,288,950

The accompanying Notes to Financial Statements are an integral part of this statement.

WILDERNESS INQUIRY, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services				Support Services				Total All Services
	Share the Adventure	Canoemobile	Individuals & Families with Disabilities	Total Program Services	Management & General	Fund-raising	Total Support Services	Total	
Salaries	\$ 841,978	\$ 175,617	\$ 463,555	\$ 1,481,150	\$ 134,435	\$ 143,353	\$ 277,788	\$ 1,758,938	
Payroll Taxes	61,239	12,853	33,702	107,794	9,182	10,379	19,561	127,355	
Employee Benefits	109,935	22,545	60,592	193,072	20,407	18,942	39,349	232,421	
Total Personnel Costs	1,013,152	211,015	557,849	1,782,016	164,024	172,674	336,698	2,118,714	
Contract Services	89,649	235,150	57,075	381,874	155,409	323	155,732	537,606	
Trip Expenses	624,583	172,965	54,078	851,626	-	-	-	851,626	
Insurance	79,261	65,494	15,024	159,779	-	9,982	9,982	169,761	
Facilities	51,252	39,104	7,546	97,902	17,795	109	17,904	115,806	
Supplies	9,543	9,333	1,176	20,052	8,282	1,976	10,258	30,310	
Credit Card Fees	8,841	8,841	8,841	26,523	5,305	3,536	8,841	35,364	
Telephone/Website	(448)	448	224	224	22,166	-	22,166	22,390	
Outreach and Promotion	13,931	13,622	1,717	29,270	12,087	2,885	14,972	44,242	
Transportation	56,462	14,905	4,866	76,233	731	23	754	76,987	
Miscellaneous	1,709	4,322	586	6,617	7,884	3,241	11,125	17,742	
Postage	10,072	6,656	366	17,094	25,650	1,841	27,491	44,585	
Travel and Entertainment	10,659	7,045	387	18,091	27,145	1,949	29,094	47,185	
Printing and Copying	3,103	2,051	113	5,267	7,904	567	8,471	13,738	
Depreciation	32,579	40,723	8,145	81,447	81,447	-	81,447	162,894	
Total Expense	\$ 2,004,348	\$ 831,674	\$ 717,993	\$ 3,554,015	\$ 535,829	\$ 199,106	\$ 734,935	\$ 4,288,950	

The accompanying Notes to Financial Statements are an integral part of this statement.

WILDERNESS INQUIRY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 67,580	\$ (3,800)
Total Adjustments	<u>522,412</u>	<u>(19,497)</u>
Net Cash Provided (Used) by Operating Activities	589,992	(23,297)
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(46,390)	(356,022)
Proceeds from Maturity/Sale of Investments	245,103	434,853
Purchases of Investments	<u>(744,799)</u>	<u>(232,397)</u>
Net Cash (Used) by Investing Activities	(546,086)	(153,566)
Cash Flows from Financing Activities:		
Contributions Restricted in Perpetuity	<u>1,900</u>	<u>1,550</u>
Net Cash Provided (Used) by Financing Activities	1,900	1,550
Net Increase (Decrease) in Cash and Cash Equivalents	45,806	(175,313)
Cash and Cash Equivalents - Beginning of Year	<u>745,487</u>	<u>920,800</u>
Cash and Cash Equivalents - End of Year	<u>\$ 791,293</u>	<u>\$ 745,487</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies

Organizational Purpose

Wilderness Inquiry's (WI) mission is to transform individuals and communities by connecting people to each other and the environment through shared outdoor experiences. WI's core value is inclusion, and we operate on a model that facilitates full participation by everyone, including people from different physical, cultural, or socio-economic backgrounds. Programs facilitate fundamental changes in perceptions and beliefs, breaking down barriers between people. During a WI experience, participants begin to realize that perceived differences, such as ability level, ethnicity, or economic status, are less significant than their common humanity.

Current WI programs include:

Share the Adventure (STA) is WI's oldest and original inclusive outdoor program providing integrated experiences for individuals regardless of ability, background or income. Inclusion is incorporated in the culture of all WI experiences creating authentic, inclusive and positive travel experiences for all participants. STA programs typically range from 3-12 days and include activities such as kayaking, canoeing, hiking and dogsledding. In 2020, due to the impacts of covid-19, programming post March consisted of smaller groups of 3-6 people traveling to destinations only in the Midwest. In addition, live, content rich, virtual events were added to the standard program. In total 369 people participated in the STA program in 2020 including 10% with disabilities.

Number of People Served: 369

Number of Service Days: 1,239

Number of Events: 26

Canoemobile brings hands-on learning to underserved youth via the "Floating Classroom" of a 24-foot Voyageur canoe. Originating from a place-based learning initiative in the Twin Cities in 2008, Canoemobile has grown into a nationally-recognized outdoor program that connects youth to their local public lands and waterways, develops our next generation of environmental stewards, provides career pathways for our future leaders in the outdoor industry, and addresses one of the most pressing issues of our time -- the opportunity gap. Due to covid-19, the Canoemobile moved virtual for the safety and wellbeing of participants and staff. Virtual programming consisted of downloadable online resources for students and educators, as well as a live virtual field trip in partnership with the National Park Service called Mississippi River Explorers. Students investigated ecology and history of places along the Mississippi River, actively solving mysteries about the river and the surrounding areas and interacted with Wilderness Inquiry Outdoor Leaders, National Park Service Rangers, USDA Forest Service Rangers and Fort Snelling State Park Naturalists. In 2020, 1,254 unique users benefited from Wilderness Inquiry's online learning resources, 2,490 students participated in live virtual programming, 1,397 joined in-person adventures early in the year, and an additional 675 participants tuned in for other virtual gatherings.

Number of People Served: 5,816

Number of Service Days: 2,088

Number of Events: 52

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

WI's mission is based on inclusion - to give people from different physical, cultural and socio-economic backgrounds the opportunity to explore the great outdoors. WI has tailored two programs specifically for individuals and families with disabilities. Gateway to Adventure and Project FIT (Families Integrating Together)

Gateway to Adventure provides life-training skills to people with cognitive and developmental disabilities. Through outdoor recreational experiences, participants gain social competence, independent living and vocational skills. Prior to covid-19 halting in-person programming in March 2020, WI served 41 individuals with cognitive and other disabilities through this program in 2020 on 3 winter adventures.

Project FIT (Families Integrating Together) makes outdoor adventure experiences possible for families who have a child or family member with a disability, who otherwise would not have access to outdoor experiences. WI deploys adaptive equipment and specially trained staff to assist families in achieving positive outdoor experiences. In addition to in-person family trips, WI also participated in live virtual community events providing engaging and safe activities for families amidst covid-19. WI served 1,233 individuals on 38 family events in 2020.

Number of People Served: 1,274

Number of Service Days: 1,227

Number of Events: 41

Our innovative work has been recognized over many years, most recently:

- 2020 4-star rating from Charity Navigator (sixth year in a row)
- 2020 'Meets Standards' rating from Charities Review Council
- 2018 Excellence in Service for Persons with Disabilities from City of Minneapolis
- 2018 "Educator of the Year" by Northwest Indiana Paddling Association
- 2017 National Summer Learning Association's Founders Award
- 2012 Paul K. Petzoldt Leadership Award from the Wilderness Education Association
- 2011 Inclusion Champion from Mitsubishi Electric America Foundation
- 2010 Nonprofit Excellence Award MAP for Nonprofits and MN Council of Nonprofits
- American Association on Mental Retardation (AAMR) Full Community Inclusion Award
- Minnesota State Council on Disability Distinguished Service Award (twice)

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to WI, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restriction. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets with Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets 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 and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, WI considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

WI carries its investments at market value. Investment income from endowment investments is appropriated by the Board of Directors annually. For the years ended December 31, 2020 and 2019, investments were held at Vanguard and at the Minnesota Community Foundation which may exercise variance powers with regards to annual income distributions.

Promises-To-Give (Grants and Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Doubtful Accounts

WI extends credit to its customers based on standardized terms. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and WI does not charge interest on accounts receivable balances. WI reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. WI provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. There is no allowance for doubtful accounts as of December 31, 2020 and 2019.

Revenue and Revenue Recognition

WI recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. 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 substantially met.

A portion of WI's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. We received cost-reimbursable grants of \$301,638 and \$803,073 that have not been recognized at December 31, 2020 and 2019 because qualifying expenditures have not yet been incurred. No amounts have been received in advance under our federal and state contracts and grants.

WI records special events revenue equal to the fair value of direct benefits to donors, and contribution revenue for the difference. Program service fees, mostly trip fees, are recognized as revenue when the event occurs and the performance obligations are met. Deferred Revenue consists of program service fees and earnest money from building sale.

The following provides information about significant changes in Deferred Revenue ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Deferred Revenue – Beginning of Year	\$ 290,511	\$ 296,754
Revenue recognized that was included in deferred revenue at the beginning of the year	(290,511)	(296,754)
Increases in deferred revenue due to cash received during the year	<u>575,993</u>	<u>290,511</u>
Deferred Revenue– End of Year	<u>\$ 575,993</u>	<u>\$ 290,511</u>

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service are allocated based on the best estimates of management.

Property and Equipment

All major expenditures for property and equipment in excess of \$4,999 are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is provided through the use of the straight-line method, over an estimated useful life.

Income Tax

WI has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. WI's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. WI continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, WI annually files a Return of Organization Exempt From Income Tax (Form 990).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Reclassifications

Certain amounts in prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

Subsequent Events

WI has evaluated the effect that subsequent events would have on the financial statements through March 18, 2021, which is the date financial statements were available to be issued.

WI has entered into an agreement to sell its building and property at 808 14th Avenue SE, Minneapolis, Minnesota with an anticipated closing in 2021. WI received nonrefundable earnest money on the sale in the year ending December 31, 2020 that is carried on the statement of financial position as deferred revenue until the sale is final.

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. Financial Instruments

Significant Concentrations of Credit Risk

The amounts due for services provided are from individuals, substantially all of whom are U.S. residents. In addition, grants and pledges receivable are from individuals and institutions throughout the country. Therefore, no significant concentration of credit risk exists.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2020 and 2019, WI held funds in a financial institution in excess of federally insured limits.

3. Contingencies Note

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Therefore, the Organization expects this matter to negatively impact its future operating results, but reasonable estimates cannot be made at this time.

4. Investments

Investments were comprised of the following at:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Market</u>	<u>Market</u>
Endowment Fund held at Minnesota Community Foundation	\$ 1,596,644	\$ 1,549,986
Exchange-Traded Funds	766,102	406,758
Mutual Funds	499,913	420,751
Money Market Funds	392,777	207,292
	<u>\$ 3,255,436</u>	<u>\$ 2,584,787</u>

Investment income included the following as of:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Unrealized Gain	\$ 92,520	\$ 201,998
Realized (Loss) on Sale of Investments	(728)	(236)
Investment Expenses and Admin Fees	(16,934)	(18,681)
Interest and Dividends	29,865	47,571
	<u>\$ 104,723</u>	<u>\$ 230,652</u>

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. Fair Value

WI adopted Financial Accounting Standards Board Statement of Financial Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures (ASC 820). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed as follows:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at:

December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment Fund	\$ -	\$ -	\$ 1,596,644	\$ 1,596,644
Exchange-Trade Funds:				
Bond Funds	766,102	-	-	766,102
Mutual Funds:				
Balanced Funds	499,913	-	-	499,913
Money Market Funds	<u>392,777</u>	<u>-</u>	<u>-</u>	<u>392,777</u>
	<u>\$ 1,658,792</u>	<u>\$ -</u>	<u>\$ 1,596,644</u>	<u>\$ 3,255,436</u>

December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment Fund	\$ -	\$ -	\$ 1,549,986	\$ 1,549,986
Exchange-Trade Funds:				
Bond Funds	406,758	-	-	406,758
Mutual Funds:				
Balanced Funds	420,751	-	-	420,751
Money Market Funds	<u>207,292</u>	<u>-</u>	<u>-</u>	<u>207,292</u>
	<u>\$ 1,034,801</u>	<u>\$ -</u>	<u>\$ 1,549,986</u>	<u>\$ 2,584,787</u>

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. Fair Value (continued)

The endowment fund is held at the Minnesota Community Foundation and is valued by inputs that are determined by the foundation. It was transferred to level 3 of the fair value hierarchy due to a change in the interpretation of observable inputs.

Level 3 Endowment Fund Reconciliation:

Balance – December 31, 2018	\$ 1,405,922
Distributions	(59,853)
Change in Value	<u>203,917</u>
Balance – December 31, 2019	\$ 1,549,986
Distributions	(60,777)
Change in Value	<u>107,435</u>
Balance –December 31, 2020	<u>\$ 1,596,644</u>

6. Grants and Pledges Receivable

The outstanding balance of grants and pledges receivable was \$287,387 and \$235,511 for the years ended December 31, 2020 and 2019, respectively. The entire balance was considered current for both years ended December 31, 2020 and 2019.

7. Property and Equipment

WI owned the following assets as of:

	<u>December 31,</u>		<u>Estimated Useful Lives</u>
	<u>2020</u>	<u>2019</u>	
Land	\$ 586,605	\$ 586,605	
Buildings	661,690	661,690	30-40 years
Office Equipment	82,353	82,353	3-5 years
Program Equipment	836,890	825,899	3-5 years
Building Improvements	1,341,578	1,341,578	5-30 years
Vehicles	<u>421,195</u>	<u>385,795</u>	5 years
	3,930,311	3,883,920	
Less Accumulated Depreciation	<u>2,155,478</u>	<u>1,946,784</u>	
	<u>\$ 1,774,833</u>	<u>\$ 1,937,136</u>	

Depreciation expense of \$208,694 and \$162,894 was recorded for the years ended December 31, 2020 and 2019, respectively.

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. Line of Credit

As of December 31, 2020, pursuant to an agreement with Associated Bank, WI had available a \$150,000 revolving line of credit, none of which was outstanding at that date. The line of credit is secured by all business assets. The interest rate on the revolving line of credit is 1% above the Wall Street Journal Prime. At December 31, 2020, the interest rate was 3.25%. The revolving line of credit expires June 7, 2021.

9. Liquidity and Availability

The following represents WI's financial assets at December 31,

Financial Assets	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 791,293	\$ 745,487
Accounts Receivable	28,296	12,119
Grants and Pledges Receivable	287,387	235,511
Short-Term Investments	1,158,879	614,050
Endowment Fund Spending Allocation	<u>60,794</u>	<u>60,777</u>
Total Financial Assets	2,326,649	1,667,944
Less amounts not available to be used within one year due to contractual or donor-imposed restrictions	<u> -</u>	<u> -</u>
Financial assets available for general expenditures within one year	<u>\$ 2,326,649</u>	<u>\$ 1,667,944</u>

WI does not consider their endowment an asset available for expenditure because the Minnesota Community Foundation holds variance power. A spending allocation was estimated based on historical allocation patterns. This allocation is considered an asset for use within one year. WI considers net assets with donor-imposed restrictions that are expected to be satisfied during normal operations within one year to be available for use.

As part of WI's liquidity management plan, they invest excess cash into various short-term investments and a savings account. In addition, they have a \$150,000 revolving line-of-credit that can be used, if needed.

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

10. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following as of:

	December 31,	
	2020	2019
Subject to expenditures for specified purpose:		
Multi-Generational Outdoor Clubs/Canoemobile	\$ 162,000	\$ 166,000
Scholarships	10,000	10,000
Project FIT	15,000	-
	187,000	176,000
Restricted in Perpetuity:		
Endowment	896,726	894,826
	<u>\$ 1,083,726</u>	<u>\$ 1,070,826</u>

11. Endowment Funds

Endowment funds consist of six individual funds established for the purpose of providing scholarship support for individuals in defined groups to participate in WI's programs. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law:

The Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WI classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as net assets with time or programmatic restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, WI 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 WI and the donor-restricted endowment fund
3. General economic conditions

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

11. Endowment Funds (Continued)

- 4. The possible effect of inflation and deflation
- 5. The expected total return from income and the appreciation of investments
- 6. Other resources of the WI
- 7. The investment policies of WI

Endowment net asset composition by type of fund:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
December 31, 2019	<u>\$ 655,160</u>	<u>\$ 894,826</u>	<u>\$ 1,549,986</u>
December 31, 2020	<u>\$ 699,918</u>	<u>\$ 896,726</u>	<u>\$ 1,596,644</u>

Changes in endowment net assets:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
December 31, 2018	\$ 512,646	\$ 893,276	\$ 1,405,922
Total Investment Return	196,254	-	196,254
Contributions	6,113	1,550	7,663
Appropriation of Endowment Assets for Expenditure	<u>(59,853)</u>	<u>-</u>	<u>(59,853)</u>
December 31, 2019	655,160	894,826	1,549,986
Total Investment Return	105,227	-	105,227
Contributions	308	1,900	2,208
Appropriation of Endowment Assets for Expenditure	<u>(60,777)</u>	<u>-</u>	<u>(60,777)</u>
December 31, 2020	<u>\$ 699,918</u>	<u>\$ 896,726</u>	<u>\$ 1,596,644</u>

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

12. Defined Contribution Pension Plan

WI has a defined contribution pension plan covering all eligible employees. During the year ended December 31, 2019, WI changed plan administrators and increased the employer match as approved by the Board of Directors. Contributions were \$66,469 and \$49,800 for the years ended December 31, 2020 and 2019, respectively.

13. Deferred Compensation Plan

The Board has established a 457(b) deferred compensation plan for eligible employees effective April 10, 2008. Eligible employees can voluntarily contribute to the plan and the Board will contribute on a discretionary basis. The Board made contributions of \$19,500 and \$19,000 for an eligible employee for the years ended December 31, 2020 and 2019, respectively.

14. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities are as follows:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Depreciation	\$ 208,694	\$ 162,894
Contributions Restricted in Perpetuity	(1,900)	(1,550)
Unrealized (Gain) on Investments	(92,520)	(198,985)
Realized (Gain) Loss on Sale of Investments	728	(2,109)
Increase (Decrease) in Liabilities:		
Accounts Payable	(47,163)	51,173
Accrued Vacation and Salary	118,143	10,143
Deferred Revenue	285,482	(6,243)
Gift Certificates	27,216	15,729
Decrease (Increase) in Assets:		
Accounts Receivable	(16,177)	3,993
Grants and Pledges Receivable	(51,876)	(57,737)
Prepaid Expenses	91,785	3,195
Total Adjustments	<u>\$ 522,412</u>	<u>\$ (19,497)</u>