

Wilderness Inquiry, Inc.

St. Paul, Minnesota

**Consolidated Financial Statements
Auditor's Report
For the Years Ended
December 31, 2022 and 2021**



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wilderness Inquiry Inc.
St. Paul, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of Wilderness Inquiry Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wilderness Inquiry Inc. as of December 31, 2022 and 2021 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 audits 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 consolidated financial statements section of our report. We are required to be independent of Wilderness Inquiry Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wilderness Inquiry Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, including omissions, 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 consolidated 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 consolidated 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 consolidated 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 Wilderness Inquiry 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 Consolidated Financial Statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wilderness Inquiry 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Consolidating Schedule of Revenue, Expense and Change in Net Assets and Consolidating Schedule of Financial Position are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Carputer Ent and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
March 23, 2023

WILDERNESS INQUIRY, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and Cash Equivalents	\$ 580,516	\$ 450,836
Short-Term Investments	1,251,287	1,239,271
Accounts Receivable	25,716	26,299
Grants and Pledges Receivable	248,310	248,098
Prepaid Expenses	84,354	104,743
Total Current Assets	<u>2,190,183</u>	<u>2,069,247</u>
Noncurrent Assets:		
Property and Equipment - Net	715,857	860,463
Grants and Pledges Receivable	30,000	-
Right of Use Asset	348,285	-
Investments:		
Long-Term Investments (WI Foundation)	5,731,360	6,000,097
Endowment Fund - Minnesota Community Foundation	2,051,235	2,027,748
457b Deferred Compensation Market Value	<u>501,182</u>	<u>582,547</u>
 TOTAL ASSETS	 <u><u>\$ 11,568,102</u></u>	 <u><u>\$ 11,540,102</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 22,600	\$ 27,460
Accrued Vacation and Salary	135,028	170,349
Lease Liability	73,628	-
Deferred Revenue	168,156	84,804
Gift Certificates	75,157	79,568
Total Current Liabilities	<u>474,569</u>	<u>362,181</u>
Long-term Liabilities:		
Lease Liability	279,436	-
457b Deferred Compensation	<u>501,182</u>	<u>582,547</u>
Total Liabilities	<u>1,255,187</u>	<u>944,728</u>
Net Assets:		
Without Donor Restrictions	9,061,851	9,620,948
With Donor Restrictions	<u>1,251,064</u>	<u>974,426</u>
Total Net Assets	<u>10,312,915</u>	<u>10,595,374</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 11,568,102</u></u>	 <u><u>\$ 11,540,102</u></u>

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

WILDERNESS INQUIRY, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions of Financial Assets	\$ 2,194,425	\$ 353,338	\$ 2,547,763	\$ 2,008,884	\$ 77,000	\$ 2,085,884
Program Service Fees	1,056,470	-	1,056,470	695,523	-	695,523
Endowment Payout	71,337	-	71,337	60,794	-	60,794
Investment Income	(148,301)	-	(148,301)	432	-	432
Miscellaneous Income	30,820	-	30,820	24,548	-	24,548
Special Events						
Special Events Income	149,850	-	149,850	131,011	-	131,011
Costs of Direct Benefits to Donors	(17,408)	-	(17,408)	(12,939)	-	(12,939)
Special Events - Net	132,442	-	132,442	118,072	-	118,072
Net Assets Released from Restrictions:						
Satisfaction of Purpose and Time Restrictions	77,000	(77,000)	-	187,000	(187,000)	-
Total Support and Revenue	3,414,193	276,338	3,690,531	3,095,253	(110,000)	2,985,253
Expense:						
Program Services:						
Share the Adventure	1,347,197	-	1,347,197	800,931	-	800,931
Canoemobile	1,651,625	-	1,651,625	1,437,062	-	1,437,062
Individuals & Families with Disabilities	462,706	-	462,706	553,477	-	553,477
Total Program Services	3,461,528	-	3,461,528	2,791,470	-	2,791,470
Support Services:						
Management and General	586,303	-	586,303	639,906	-	639,906
Fundraising	263,391	-	263,391	263,491	-	263,491
Total Support Services	849,694	-	849,694	903,397	-	903,397
Total Expense	4,311,222	-	4,311,222	3,694,867	-	3,694,867
Change in Net Assets - Operating	(897,029)	276,338	(620,691)	(599,614)	(110,000)	(709,614)
Change in Value of Endowment	(185,764)	-	(185,764)	333,658	-	333,658
Less: Endowment Payout for Operations	(71,337)	-	(71,337)	(60,794)	-	(60,794)
Net Change in Value of Endowment	(257,101)	-	(257,101)	272,864	-	272,864
Endowment Contributions	291,129	300	291,429	156,619	700	157,319
Gain on Sale of Building	303,904	-	303,904	6,080,863	-	6,080,863
Change in Net Assets	(559,097)	276,638	(282,459)	5,910,732	(109,300)	5,801,432
Net Assets - Beginning of Year	9,620,948	974,426	10,595,374	3,710,216	1,083,726	4,793,942
Net Assets - End of Year	\$ 9,061,851	\$ 1,251,064	\$ 10,312,915	\$ 9,620,948	\$ 974,426	\$ 10,595,374

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

WILDERNESS INQUIRY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH COMPARATIVE TOTALS FOR 2021

	2022					2021				
	Program Services			Support Services						
	Individuals & Families with Disabilities			Total Program Services			Management & General			
	Share the Adventure	Canoemobile	Disabilities	Total Program Services	Fund-raising	Total Support Services	Total All Services	Total All Services	Total All Services	
Salaries	\$ 723,266	\$ 922,053	\$ 265,666	\$ 1,910,985	\$ 53,613	\$ 210,097	\$ 2,174,695	\$ 2,174,695	\$ 1,699,335	
Payroll Taxes	53,035	67,611	19,480	140,126	3,932	15,406	159,464	159,464	137,333	
Employee Benefits	84,085	107,196	30,886	222,167	6,233	24,425	252,825	252,825	223,319	
Total Personnel Costs	860,386	1,096,860	316,032	2,273,278	63,778	249,928	2,586,984	2,586,984	2,059,987	
Trip Expenses	238,462	147,593	74,062	460,117	1,978	86	462,181	462,181	225,735	
Contract Services	23,691	74,553	6,815	105,059	343,264	28	448,351	448,351	621,798	
Facilities	67,248	95,371	18,682	181,301	14,974	6,693	202,968	202,968	154,737	
Insurance	43,738	71,159	13,252	128,149	39,559	-	167,708	167,708	180,240	
Transportation	48,514	54,625	14,278	117,417	319	319	117,736	117,736	60,222	
Supplies	975	1,397	285	2,657	51,693	52	54,402	54,402	91,426	
Miscellaneous	1,577	26,283	759	28,619	3,460	2,886	34,965	34,965	35,440	
Credit Card Fees	535	767	156	1,458	28,376	29	29,863	29,863	19,813	
Travel and Entertainment	3,840	6,328	935	11,103	10,591	1,706	23,400	23,400	8,237	
Outreach and Promotion	4,782	2,197	535	7,514	12,431	870	20,815	20,815	30,766	
Telephone/Website	4,743	2,179	531	7,453	12,329	863	20,645	20,645	22,682	
Postage	726	333	81	1,140	1,887	133	3,160	3,160	7,475	
Printing and Copying	640	294	72	1,006	1,664	117	2,787	2,787	9,553	
Depreciation	47,340	71,686	16,231	135,257	-	-	135,257	135,257	166,756	
Total Expense	\$ 1,347,197	\$ 1,651,625	\$ 462,706	\$ 3,461,528	\$ 586,303	\$ 263,391	\$ 4,311,222	\$ 4,311,222	\$ 3,694,867	

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

WILDERNESS INQUIRY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services			Support Services			
	Share the Adventure	Canoemobile	Individuals & Families with Disabilities	Total Program Services	Management & General	Fund-raising	Total Support Services
Salaries	\$ 380,821	\$ 665,799	\$ 380,821	\$ 1,427,441	\$ 84,967	\$ 186,927	\$ 271,894
Payroll Taxes	30,776	53,807	30,776	115,359	6,867	15,107	21,974
Employee Benefits	50,046	87,496	50,046	187,588	11,166	24,565	35,731
Total Personnel Costs	461,643	807,102	461,643	1,730,388	103,000	226,599	329,599
Trip Expenses	91,496	107,196	26,286	224,978	732	25	757
Contract Services	89,487	252,173	21,358	363,018	250,465	8,315	258,780
Facilities	47,032	81,135	12,300	140,467	13,719	551	14,270
Insurance	35,418	65,303	9,961	110,682	69,558	-	69,558
Transportation	6,069	20,892	3,914	30,875	16,193	13,154	29,347
Supplies	16,774	29,582	4,410	50,766	31,937	8,723	40,660
Miscellaneous	3,544	4,962	1,063	9,569	25,517	354	25,871
Credit Card Fees	1,981	2,774	594	5,349	14,266	198	14,464
Travel and Entertainment	1,511	2,665	397	4,573	2,878	786	3,664
Outreach and Promotion	5,645	9,955	1,484	17,084	10,747	2,935	13,682
Telephone/Website	3,856	6,124	907	10,887	11,568	227	11,795
Postage	1,371	2,419	361	4,151	2,611	713	3,324
Printing and Copying	1,753	3,091	461	5,305	3,337	911	4,248
Depreciation	33,351	41,689	8,338	83,378	83,378	-	83,378
Total Expense	\$ 800,931	\$ 1,437,062	\$ 553,477	\$ 2,791,470	\$ 639,906	\$ 263,491	\$ 903,397
							\$ 3,694,867

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

WILDERNESS INQUIRY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (282,459)	\$ 5,801,432
Total Adjustments	<u>315,336</u>	<u>(6,764,775)</u>
Net Cash Provided (Used) by Operating Activities	32,877	(963,343)
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(67,200)	(71,552)
Proceeds from Sale of Property and Equipment	380,454	6,900,833
Proceeds from Maturity/Sale of Investments	6,150,630	6,400,000
Purchases of Investments	<u>(6,367,381)</u>	<u>(12,607,095)</u>
Net Cash Provided by Investing Activities	96,503	622,186
Cash Flows from Financing Activities:		
Contributions Restricted in Perpetuity	<u>300</u>	<u>700</u>
Net Cash Provided by Financing Activities	<u>300</u>	<u>700</u>
Net Increase (Decrease) in Cash and Cash Equivalents	129,680	(340,457)
Cash and Cash Equivalents - Beginning of Year	<u>450,836</u>	<u>791,293</u>
Cash and Cash Equivalents - End of Year	<u>\$ 580,516</u>	<u>\$ 450,836</u>

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

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements of Wilderness Inquiry (WI) include the accounts of Wilderness Inquiry Foundation (WIF). Significant inter-company transactions have been eliminated. WI is the sole member of WIF.

WIF was created to support, benefit and perform functions of, or to carry out the purposes of Wilderness Inquiry, Inc.

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 inclusive 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 2022, adventures took place throughout the continental U.S., and WI was able to return to Hawaii and New Zealand after two years away. In total, 1,328 people participated in the STA program in 2022 including 22% with disabilities.

Number of People Served: 1,328

Number of Service Days: 4,207

Number of Events: 79

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Canoemobile brings hands-on learning to underserved youth via the "Floating Classroom" of a 24-foot Voyageur canoe and other activities. 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. In 2022, Canoemobile provided virtual and in-person outdoor experiences in partnership with the National Park Service and others. 23,517 people participated in Canoemobile programming in 2022 (1,819 virtually), 50% of which identified as BIPOC.

Number of People Served: 23,517 (1,819 virtually)

Number of Service Days: 11,751

Number of Events: 264

Inclusive Outdoor Adventures for Individuals and Families: WI's mission is based on inclusion - to give people of different ages, cultural and socio-economic background, identities, and abilities the opportunity to explore the great outdoors. WI offers two types of specialty programs for families and individuals experiencing disabilities.

WI's inclusive family adventures make outdoor experiences possible for families who have a child or family member with a disability, or who otherwise wouldn't have access to outdoor experiences. WI provides adaptive equipment and specially trained staff to assist families in achieving positive outdoor experiences. WI served 2,399 people on 33 family trips.

WI also offer adventures tailored to providing life-training skills for people with intellectual and developmental disabilities. Through outdoor recreational experiences, participants gain social, independent living and vocational skills. Through 16 events that provide support for individuals with intellectual and developmental disabilities, WI served 310 individuals, 75% of which experience a disability.

Number of People Served: 2,709

Number of Service Days: 1,915

Number of Events: 49

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

- 2022 4-Star Charity rating from Charity Navigator – highest designation, eighth consecutive year
- 2022 Charities Review Council 'Meets Standards' – highest designation
- 2022 Guidestar Platinum Seal of Transparency – highest designation
- 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 St. Paul
- 2018 "Educator of the Year" by Northwest Indiana Paddling Association
- 2017 National Summer Learning Association's Founders Award

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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. WI reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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, 2022 and 2021, investments were held at Vanguard. Investments were also held 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.

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.

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 and 2021.

Revenue and Revenue Recognition

WI recognizes 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. 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.

The following provides information about significant changes in Deferred Revenue ended December 31:

	<u>2022</u>	<u>2021</u>
Deferred Revenue – Beginning of Year	\$ 84,804	\$ 575,993
Revenue recognized that was included in deferred revenue at the beginning of the year	(84,804)	(575,993)
Increases in deferred revenue due to cash received during the year	<u>168,156</u>	<u>84,804</u>
Deferred Revenue– End of Year	<u>\$ 168,156</u>	<u>\$ 84,804</u>

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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.

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 consolidated 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 consolidated 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 consolidated financial statements have been reclassified to conform with the presentation in the current year consolidated financial statements.

Leases

WI determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. WI does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In 2022, WI adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. WI elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, WI recognized right-of-use assets of \$402,131 and lease liabilities totaling \$402,131 in its statement of financial position as of January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

WI has also has adopted Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, as management believes the standards improve the usefulness and understandability of WI's financial reporting. The ASU has been applied retrospectively for the periods ended December 31, 2022 and 2021, as required.

Contributions of Nonfinancial Assets

WI records contributions of nonfinancial assets at fair market value at date of donation. WI's policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the organization. If an asset is provide that does not allow WI to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist.

Subsequent Events

WI has evaluated the effect that subsequent events would have on the consolidated financial statements through March xx, 2023, which is the date consolidated financial statements were available to be issued.

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, 2022 and 2021, WI held funds in a financial institution in excess of federally insured limits.

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

3. 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 \$84,704 and \$82,879 for the years ended December 31, 2022 and 2021, respectively.

4. Investments

Investments were comprised of the following at:

	December 31,	
	2022	2021
	Market	Market
Endowment Fund held at Minnesota Community Foundation	\$ 2,051,235	\$ 2,027,748
Exchange-Traded Funds	6,632,699	6,696,544
Mutual Funds	501,182	582,547
Money Market Funds	349,948	542,824
	<u>\$ 9,535,064</u>	<u>\$ 9,849,663</u>

Investment income included the following as of:

	December 31,	
	2022	2021
Unrealized Gain (Loss)	\$ (438,752)	\$ 304,870
Realized (Loss) on Sale of Investments	(6,454)	432
Investment Expenses and Admin Fees	(22,285)	(18,455)
Interest and Dividends	133,426	47,243
	<u>\$ (334,065)</u>	<u>\$ 334,090</u>

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.

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

5. Fair Value (continued)

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

December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment Fund	\$ -	\$ -	\$ 2,051,235	\$ 2,051,235
Exchange-Trade Funds:				
Bond Funds	6,632,699	-	-	6,632,699
Mutual Funds:				
Balanced Funds	501,182	-	-	501,182
Money Market Funds	349,948	-	-	349,948
	<u>\$ 7,483,829</u>	<u>\$ -</u>	<u>\$ 2,051,235</u>	<u>\$ 9,535,064</u>

December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment Fund	\$ -	\$ -	\$ 2,027,748	\$ 2,027,748
Exchange-Trade Funds:				
Bond Funds	6,696,544	-	-	6,696,544
Mutual Funds:				
Balanced Funds	582,547	-	-	582,547
Money Market Funds	542,824	-	-	542,824
	<u>\$ 7,821,915</u>	<u>\$ -</u>	<u>\$ 2,027,748</u>	<u>\$ 9,849,663</u>

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, 2020	\$ 1,596,644
Distributions	(60,794)
Change in Value	<u>491,898</u>
Balance – December 31, 2021	\$ 2,027,748
Contributions	276,716
Distributions	(71,337)
Change in Value	<u>(181,892)</u>
Balance –December 31, 2022	<u>\$ 2,051,235</u>

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

6. Grants and Pledges Receivable

The outstanding balance of grants and contributions receivable expected to be received in the following years:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
2022	\$ -	\$ 248,098
2023	248,310	-
2024	10,000	-
2025	10,000	-
2026	10,000	-
Total	<u>\$ 278,310</u>	<u>\$ 248,098</u>

All grants and contributions receivable are considered collectable.

7. Property and Equipment

WI owned the following assets as of:

	<u>December 31,</u>		
	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Lives</u>
Land	\$ 227,105	\$ 246,604	
Buildings	90,049	209,373	30-40 years
Office Equipment	16,990	82,353	3-5 years
Program Equipment	746,501	855,890	3-5 years
Building Improvements	444,672	492,196	5-30 years
Vehicles	469,130	421,195	5 years
	<u>1,994,447</u>	<u>2,307,611</u>	
Less Accumulated Depreciation	<u>1,278,590</u>	<u>1,447,148</u>	
	<u>\$ 715,857</u>	<u>\$ 860,463</u>	

Depreciation expense of \$135,257 and \$166,756 was recorded for the years ended December 31, 2022 and 2021, respectively.

8. 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 \$20,500 and \$23,000 for an eligible employee for the years ended December 31, 2022 and 2021, respectively.

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

9. Liquidity and Availability

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

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and Cash Equivalents	\$ 580,516	\$ 450,836
Accounts Receivable	25,716	26,299
Grants and Pledges Receivable	278,310	248,098
Short-Term Investments	1,251,287	1,239,271
Endowment Fund Spending Allocation	<u>71,337</u>	<u>60,794</u>
Total Financial Assets	2,207,166	2,025,298
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>\$ 2,207,166</u>	<u>\$ 2,025,298</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.

WI does not consider investment held by the Foundation available for operations but is available if necessary.

10. Net Assets with Donor Restrictions

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

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Subject to expenditures for specified purpose:		
Multi-Generational Outdoor Clubs/Canoemobile	\$ 20,000	\$ 47,000
Little Sandy Bay Base Camp	20,000	-
Great River Race	-	15,000
Project FIT	<u>313,338</u>	<u>-</u>
	353,338	62,000
Subject to passage of time:		
Future Years Grants	-	15,000
Restricted in Perpetuity:		
Endowment	<u>897,726</u>	<u>897,426</u>
	<u>\$ 1,251,064</u>	<u>\$ 974,426</u>

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

11. Endowment Funds

Endowment funds consist of eight 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
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, 2021	<u>\$ 1,130,322</u>	<u>\$ 897,426</u>	<u>\$ 2,027,748</u>
December 31, 2022	<u>\$ 1,153,509</u>	<u>\$ 897,726</u>	<u>\$ 2,051,235</u>

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

11. Endowment Funds (Continued)

Changes in endowment net assets:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
December 31, 2020	\$ 699,918	\$ 896,726	\$ 1,596,644
Total Investment Return	334,579	-	334,579
Contributions	156,619	700	157,319
Appropriation of Endowment Assets for Expenditure	<u>(60,794)</u>	<u>-</u>	<u>(60,794)</u>
December 31, 2021	1,130,322	897,426	2,027,748
Total Investment Return	(196,605)	-	(196,605)
Contributions	291,129	300	291,429
Appropriation of Endowment Assets for Expenditure	<u>(71,337)</u>	<u>-</u>	<u>(71,337)</u>
December 31, 2022	<u>\$ 1,153,509</u>	<u>\$ 897,726</u>	<u>\$ 2,051,235</u>

12. 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>2022</u>	<u>2021</u>
Depreciation and Amortization	\$ 140,035	\$ 166,756
Contributions Restricted in Perpetuity	(300)	(700)
Unrealized (Gain) Loss on Investments	437,133	(304,870)
Realized (Gain) Loss on Sale of Investments	6,454	(432)
(Gain) on Sale of Property	(303,904)	(6,080,863)
Reduction of Carrying Amount of Right of Use Assets – Operating Lease	53,846	-
Grants and Pledges Receivable	(30,000)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	(4,860)	2,599
Accrued Vacation and Salary	(35,321)	(62,219)
Deferred Revenue	83,352	(491,189)
Gift Certificates	(4,411)	5,257
Lease Liabilities	(49,067)	-
Decrease (Increase) in Assets:		
Accounts Receivable	583	1,997
Grants and Pledges Receivable	(212)	39,289
Prepaid Expenses	20,389	(40,400)
Total Adjustments	<u>\$ 308,938</u>	<u>\$ (6,764,775)</u>

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

13. Lease

WI is a party to one operating lease for office space. As disclosed in Note 1, WI adopted FASB ASC 842 for the year ended December 31, 2022. The lease has remaining lease terms of 4.25 years.

As of December 31, 2022, the right-of-use (ROU) asset had a balance of \$348,285 as shown in noncurrent assets of the statement of financial position; the right of use (ROU) lease liability is included in other current liabilities \$73,628 and other long-term liabilities \$279,436. The lease asset and liability were calculated utilizing a risk free rate of 4.25%, which WI has made an accounting policy to elect to use in lieu of the incremental borrowing rate.

Additional information about WI's lease is as follows for the year ended December 31, 2022:

Lease Costs (included in occupancy):	
Operating Lease Cost	\$ 68,831
Other Information:	
Cash paid for amounts included in measuring operating	
Lease liabilities:	
Operating cash flows from operating leases	\$ 64,053
Lease assets obtained in exchange for lease obligations:	
Operating leases	\$ 402,131
Weighted-average remaining lease term (years)	4.3
Weighted-average discount rate	4.25%

Maturities of operating lease liabilities as of December 31, 2022:

Year Ending December 31:	
2023	\$ 87,220
2024	89,640
2025	92,061
2026	94,482
2027	<u>23,772</u>
Total Lease Payments	387,175
Less: Present Value Discount	<u>(34,111)</u>
Present Value of Lease Liabilities	<u>\$ 353,064</u>

WILDERNESS INQUIRY
CONSOLIDATING SCHEDULE OF REVENUE, EXPENSE AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	WI	WI Foundation	Elimination Entries	Total
Support and Revenue:				
Contributions	\$ 2,667,763	\$ -	\$ (120,000)	\$ 2,547,763
Program Service Fees	1,056,470	-	-	1,056,470
Endowment Payout	71,337	-	-	71,337
Investment Income	436	(148,737)	-	(148,301)
Miscellaneous Income	30,820	-	-	30,820
Special Events				
Special Events Income	149,850	-	-	149,850
Costs of Direct Benefits to Donors	(17,408)	-	-	(17,408)
Special Events - Net	132,442	-	-	132,442
Total Support and Revenue	3,959,268	(148,737)	(120,000)	3,690,531
Expense:				
Salaries	2,174,695	-	-	2,174,695
Payroll Taxes	159,464	-	-	159,464
Employee Benefits	252,825	-	-	252,825
Total Personnel Costs	2,586,984	-	-	2,586,984
Trip Expenses	462,181	-	-	462,181
Contract Services	448,351	-	-	448,351
Facilities	202,968	-	-	202,968
Insurance	167,708	-	-	167,708
Grant Expenses	-	120,000	(120,000)	-
Transportation	117,736	-	-	117,736
Supplies	54,402	-	-	54,402
Miscellaneous	34,965	-	-	34,965
Credit Card Fees	29,863	-	-	29,863
Travel and Entertainment	23,400	-	-	23,400
Outreach and Promotion	20,815	-	-	20,815
Telephone/Website	20,645	-	-	20,645
Postage	3,160	-	-	3,160
Printing and Copying	2,787	-	-	2,787
Depreciation	135,257	-	-	135,257
Total Expense	4,311,222	120,000	(120,000)	4,311,222
Change in Net Assets - Operating	(351,954)	(268,737)	-	(620,691)
Change in Value of Endowment	(185,764)	-	-	(185,764)
Less: Endowment Payout for Operations	(71,337)	-	-	(71,337)
Net Change in Value of Endowment	(257,101)	-	-	(257,101)
Endowment Contributions	291,429	-	-	291,429
Gain on Sale of Building	303,904	-	-	303,904
Change in Net Assets	(13,722)	(268,737)	-	(282,459)
Net Assets - Beginning of Year	4,595,277	6,000,097	-	10,595,374
Net Assets - End of Year	\$ 4,581,555	\$ 5,731,360	\$ -	\$ 10,312,915

See Independent Auditor's Report.

WILDERNESS INQUIRY
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2022

<u>ASSETS</u>	<u>WI</u>	<u>WI Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Current Assets:				
Cash and Cash Equivalents	\$ 580,516	\$ -	\$ -	\$ 580,516
Short-Term Investments	1,251,287	-	-	1,251,287
Accounts Receivable	25,716	-	-	25,716
Grants and Pledges Receivable	278,310	-	-	278,310
Prepaid Expense	84,354	-	-	84,354
Total Current Assets	2,220,183	-	-	2,220,183
Noncurrent Assets:				
ROU Asset	348,285	-	-	348,285
Property and Equipment - Net	715,857	-	-	715,857
Investments:				
Long-Term Investments (WI Foundation)	-	5,731,360	-	5,731,360
Endowment Fund - Minnesota Community Foundation	2,051,235	-	-	2,051,235
457b Deferred Compensation Market Value	501,182	-	-	501,182
TOTAL ASSETS	<u>\$ 5,836,742</u>	<u>\$ 5,731,360</u>	<u>\$ -</u>	<u>\$ 11,568,102</u>
 <u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts Payable	\$ 22,600	\$ -	\$ -	\$ 22,600
Accrued Vacation and Salary	135,028	-	-	135,028
Deferred Revenue	168,156	-	-	168,156
Gift Certificates	75,157	-	-	75,157
Lease Liability	73,628	-	-	73,628
Total Current Liabilities	474,569	-	-	474,569
Long-term Liabilities:				
Lease Liability	279,436	-	-	279,436
457b Deferred Compensation	501,182	-	-	501,182
Total Liabilities	1,255,187	-	-	1,255,187
Net Assets:				
Without Donor Restrictions	3,330,491	5,731,360	-	9,061,851
With Donor Restrictions	1,251,064	-	-	1,251,064
Total Net Assets	4,581,555	5,731,360	-	10,312,915
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,836,742</u>	<u>\$ 5,731,360</u>	<u>\$ -</u>	<u>\$ 11,568,102</u>