

***INTERNATIONAL WOLF CENTER
(A MINNESOTA NOT-FOR-PROFIT
ORGANIZATION)***

FINANCIAL STATEMENTS

DECEMBER 31, 2012

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	6
Statements of cash flows	8
Notes to financial statements	9

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
International Wolf Center
Minneapolis, MN

We have audited the accompanying financial statements of International Wolf Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Wolf Center as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matter

The financial statements as of December 31, 2011, were audited by other auditors, whose report was dated April 12, 2012 expressed an unmodified opinion on those financial statements.

Boyer + Barenseher, PLLP

Minneapolis, Minnesota
February 15, 2013

INTERNATIONAL WOLF CENTER
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 491,366	\$ 441,870
Certificates of deposit	298,964	368,931
Accounts receivable, trade	35,592	73,817
Inventory	97,395	65,223
Prepaid expenses	6,559	5,239
<i>Total current assets</i>	929,876	955,080
PROPERTY AND EQUIPMENT, net	923,656	901,362
<i>Total assets</i>	\$ 1,853,532	\$ 1,856,442
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 6,411	\$ 13,011
Accrued salaries/payroll tax liabilities/benefits	65,348	62,188
Credit card payable	4,637	4,223
Deferred program revenue	-	563
<i>Total current liabilities</i>	76,396	79,985
NET ASSETS		
Unrestricted	1,142,451	1,145,770
Board designated funds	542,780	577,070
<i>Total unrestricted net assets</i>	1,685,231	1,722,840
Temporarily restricted	91,905	53,617
<i>Total net assets</i>	1,777,136	1,776,457
<i>Total liabilities and net assets</i>	\$ 1,853,532	\$ 1,856,442

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

INTERNATIONAL WOLF CENTER
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31,	2012		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Public support contributions	\$ 450,193	\$ 171,414	\$ 621,607
Dues and memberships	323,548	-	323,548
Program income	142,795	-	142,795
Exhibit fees	232,010	-	232,010
Book and souvenir sales net of direct costs of \$228,571 in 2012 and \$200,057 in 2011	186,958	-	186,958
Magazine income	120	-	120
Investment income	6,533	-	6,533
Other income	1,817	-	1,817
Total support and revenue	1,343,974	171,414	1,515,388
NET ASSETS RELEASED FROM RESTRICTION	133,126	(133,126)	-
EXPENSES			
Program services	1,303,833	-	1,303,833
Membership development	112,581	-	112,581
Fundraising	52,242	-	52,242
General administration	46,053	-	46,053
Total expenses	1,514,709	-	1,514,709
Increase (decrease) in net assets	(37,609)	38,288	679
Net assets, beginning of year	1,722,840	53,617	1,776,457
Net assets, end of year	\$ 1,685,231	\$ 91,905	1,777,136

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

INTERNATIONAL WOLF CENTER
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

STATEMENTS OF ACTIVITIES

2011		
Unrestricted	Temporarily Restricted	Total
\$ 671,849	\$ 100,864	\$ 772,713
313,809	-	313,809
109,531	-	109,531
204,023	-	204,023
157,930	-	157,930
1,114	-	1,114
9,008	-	9,008
2,320	-	2,320
1,469,584	100,864	1,570,448
68,965	(68,965)	-
1,189,589	-	1,189,589
106,968	-	106,968
49,252	-	49,252
43,917	-	43,917
1,389,726	-	1,389,726
148,823	31,899	180,722
1,574,017	21,718	1,595,735
\$ 1,722,840	\$ 53,617	\$ 1,776,457

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

INTERNATIONAL WOLF CENTER
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31,	2012				
	Program	Membership Development	Fundraising	Management and General	Total
Salaries	\$ 658,164	\$ 57,853	\$ 29,940	\$ 26,032	\$ 771,989
Payroll taxes	64,173	5,712	2,999	2,533	75,417
Employee benefits	45,589	1,121	935	2,018	49,663
Advertising and promotion	42,977	323	323	969	44,592
Annual report	396	462	462	-	1,320
Board meeting expense	4,572	102	102	304	5,080
Center program costs	63,023	-	-	-	63,023
Contract services	4,616	90	90	272	5,068
Contribution mailbags	4,827	5,631	5,631	-	16,089
Extended group programs	10,322	52	52	-	10,426
Graphic design and editor	8,800	-	-	-	8,800
Insurance	11,987	266	266	800	13,319
Intern costs	5,366	-	-	-	5,366
Membership drive	5,945	13,873	-	-	19,818
Membership maintenance	9,325	14,651	68	205	24,249
Membership premiums	598	1,396	-	-	1,994
Miscellaneous	9,280	160	160	489	10,089
Occupancy costs	114,101	3,762	3,762	3,762	125,387
Postage and delivery	16,457	424	424	174	17,479
Printing	21,822	249	249	146	22,466
Professional fees	7,910	176	176	527	8,789
Staff development	3,248	72	72	217	3,609
Supplies	10,704	172	172	515	11,563
Telephone	5,365	119	119	358	5,961
Travel	16,034	-	325	1,298	17,657
Wolf pen supplies	11,602	-	-	-	11,602
Interest expense	285	6	6	19	316
Depreciation	100,432	3,311	3,311	3,311	110,365
Bank and credit card charges	12,692	1,843	1,843	151	16,529
Repair and maintenance	8,394	-	-	933	9,327
Technology	18,858	622	622	622	20,724
Equipment	5,969	133	133	398	6,633
Total expenses	\$ 1,303,833	\$ 112,581	\$ 52,242	\$ 46,053	\$ 1,514,709

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

INTERNATIONAL WOLF CENTER
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

STATEMENTS OF FUNCTIONAL EXPENSES

2011				
Program	Membership Development	Fundraising	Management and General	Total
\$ 612,551	\$ 53,844	\$ 27,865	\$ 24,229	\$ 718,489
59,789	5,322	2,794	2,360	70,265
55,469	1,364	1,137	2,456	60,426
40,824	307	307	920	42,358
213	250	250	-	713
3,051	68	68	203	3,390
26,687	-	-	-	26,687
4,122	81	81	242	4,526
4,976	5,807	5,807	-	16,590
12,488	63	63	-	12,614
8,012	-	-	-	8,012
12,087	269	269	806	13,431
6,826	-	-	-	6,826
5,401	12,604	-	-	18,005
10,322	16,217	76	226	26,841
273	638	-	-	911
8,380	145	145	440	9,110
105,620	3,482	3,482	3,482	116,066
15,636	403	403	165	16,607
25,013	285	285	167	25,750
6,830	152	152	455	7,589
5,414	120	120	361	6,015
4,729	76	76	227	5,108
5,836	130	130	388	6,484
19,765	-	400	1,601	21,766
6,920	-	-	-	6,920
531	12	12	35	590
83,438	2,751	2,751	2,751	91,691
11,371	2,174	2,174	321	16,040
13,077	-	-	1,453	14,530
8,926	294	294	294	9,808
5,012	111	111	334	5,568
\$ 1,189,589	\$ 106,968	\$ 49,252	\$ 43,917	\$ 1,389,726

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

INTERNATIONAL WOLF CENTER
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31,	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 679	\$ 180,722
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	110,365	91,691
Changes in assets and liabilities:		
Accounts receivable, trade	38,225	(70,249)
Inventory	(32,172)	(3,492)
Prepaid expenses	(1,320)	9,483
Accounts payable	(6,600)	(31,807)
Credit card payable	(4,223)	-
Accrued expenses and deferred revenue	2,597	15,549
<i>Net cash provided by operating activities</i>	107,551	191,897
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(133,577)	(85,286)
Proceeds from the sale of investments	225,522	98,589
Purchases of investments	(150,000)	-
<i>Net cash provided (used) for investing activities</i>	(58,055)	13,303
<i>Net increase in cash</i>	49,496	205,200
Cash and cash equivalents, beginning of year	441,870	236,670
<i>Cash and cash equivalents, end of year</i>	\$ 491,366	\$ 441,870

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

INTERNATIONAL WOLF CENTER
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

The International Wolf Center, formerly called the Committee for an International Wolf Center, was organized in 1985. The Center has developed an ambitious mission and programmatic goal in response to international needs to promote interest and to educate the public about the importance of the wolf.

Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its *FASB ASC 958*. Under *FASB ASC 958, Financial Statements of Not-for-Profit Organizations*, International Wolf Center is required to report information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, based upon the existence or absence of donor restrictions. There are no permanently restricted net assets as of December 31, 2012 and 2011.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and cash equivalents:

For purposes of the statement of cash flows, the Organization considers short-term, highly liquid investments and investments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains its accounts in various commercial banks. At times, the amounts on deposit in the bank might exceed the insurance limit of the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk related to cash and cash equivalents.

Advertising:

Advertising costs are expensed as incurred. Advertising costs totaled \$44,592 and \$42,358 for the years ended December 31, 2012 and 2011, respectively.

INTERNATIONAL WOLF CENTER
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Support and revenue recognition:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Accounts and grant receivables are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expect to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for accounts receivable.

Receivables consist primarily of amounts due from grants. The Organization uses the allowance method to determine uncollectible grants. The allowance is based on prior years' experience and management's analysis of the outstanding receivables. The allowance as of December 31, 2012 and 2011 is \$0.

Donated facilities, investments and supplies are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

There were no contributed services meeting the requirements for recognition in the financial statements for the years ended December 31, 2012 and 2011. No amounts are recorded in the financial statements for the value of ordinary donated services.

Property, equipment and depreciation methods:

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

INTERNATIONAL WOLF CENTER
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 1. (CONTINUED)

Purchased property and equipment are recorded at acquisition cost. Improvements and betterments are capitalized, while repairs and maintenance expenditures are expensed in the statement of activities. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The following estimated lives are used in computing depreciation:

Asset type	Years
Leasehold improvements	5 to 40
Automobile	5
Office equipment	5 to 10
Educational equipment	5 to 10
Exhibit materials	5 to 20
Technology and website	5

Income taxes:

International Wolf Center is exempt from federal and Minnesota taxation pursuant to the provisions of Section 501(c) (3) of the Internal Revenue Code and Section 290.05 of the Minnesota Statutes and is only subject to federal and state income taxes on net unrelated business income. Since the Organization had no unrelated business taxable income in 2012 and 2011, the accompanying financial statements do not include any provision for federal or state income taxes.

The Organization's filings with the Internal Revenue Service are subject to audit. The information returns for the past three and one-half years are open to examination. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements based on the criteria set forth in Accounting Standards Codification (ASC) section 740.

Functional allocation of expenses:

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Inventory:

Inventory consists of books and souvenirs stated at the average cost, determined by the first-in first-out method, or market.

INTERNATIONAL WOLF CENTER
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

Reclassification:

Certain amounts from the 2011 financial statements have been reclassified in order to be comparable with the 2012 presentation.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

DECEMBER 31,	2012	2011
Leasehold improvements	\$ 1,038,244	\$ 1,030,657
Automobile	42,585	59,636
Office equipment	182,120	181,431
Educational equipment	99,077	93,793
Exhibit materials	161,251	160,098
Technology and website	209,455	91,509
	<u>1,732,732</u>	<u>1,617,124</u>
Less accumulated depreciation	809,076	715,762
<i>Net property and equipment</i>	\$ 923,656	\$ 901,362

NOTE 3. BOARD DESIGNATED FUNDS

The Board of Directors has designated certain unrestricted funds. The funds are invested in cash and certificates of deposit. The funds are valued at current market values.

NOTE 4. PENSION PLAN

The Organization sponsors a Section 403(b) salary reduction plan that covers all full-time employees who are at least 21 years old. For the year ended, December 31, 2012, employees may contribute up to a \$17,000, or \$22,500 if over age 50. The Organization does not make any contributions for eligible participants.

INTERNATIONAL WOLF CENTER
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LEASES

The International Wolf Center in Ely, Minnesota is a state owned structure made possible by a \$1.2 million grant from the state legislature. Those funds were dedicated exclusively for the construction of the Wolf Center with the understanding the International Wolf Center would occupy the structure in perpetuity. While for administrative purposes the Center's tenancy in the structure is defined by a lease, the fundamental relationship is determined by the legislative intent to provide an enduring home for the Center into the future for research and educational purposes. The lease calls for the maintenance cost payment to be adjusted every two (2) years and the lease can be terminated by Minnesota Statute 84.153 with a three (3) month written notice. The Center paid maintenance costs of \$35,933 and \$33,934 for the years ended December 31, 2012 and 2011, respectively. The Organization rents its administrative office in Golden Valley, Minnesota under a sixty (60) month lease which expires in April of 2013. The rental expense under this lease was \$30,241 and \$29,360 for the years ended December 31, 2012 and 2011, respectively.

The minimum future rental commitment under the above operating leases is as follows:

2013	\$ 10,129
<hr/>	
<i>Total future minimum leases</i>	<i>\$ 10,129</i>

NOTE 6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are those assets whose use has been limited by donor-imposed time restrictions or purpose restrictions. When the dollars have been spent as designated by the donor, the restrictions are satisfied and the funds are moved to unrestricted net assets. Temporarily restricted net assets as of December 31, 2012 and 2011 were \$91,905 and \$53,617, respectively.

NOTE 7. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 15, 2013, the date the financial statements were available to be issued.