bakertilly

International Wolf Center

Financial Statements

December 31, 2020 and 2019

Independent Auditors' Report

To the Board of Directors of
International Wolf Center

We have audited the accompanying financial statements of International Wolf Center (the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 from 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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.

Baker Tilly US, LLP

Minneapolis, Minnesota
June 30, 2021

International Wolf Center

Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash	$ 1,594,525	$ 1,037,824
Accounts receivable	2,233	1,794
Inventory	98,758	118,539
Prepaid expenses	27,394	29,948
Total current assets	1,722,910	1,188,105
Investments	759,679	500,145
Property and Equipment, Net	1,762,399	1,905,716
Other Assets		
Deferred rent asset	14,947	15,810
Security deposits	3,617	3,617
Total assets	$ 4,263,552	$ 3,613,393
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 14,167	$ 27,987
Accrued payroll and payroll taxes	78,530	48,976
Accrued retirement contribution	4,018	3,043
Credit card payable	13,707	11,485
Deferred revenue	18,219	10,860
Paycheck Protection Program (PPP) loan	192,300	-
Total current liabilities	320,941	102,351
Net Assets		
Without donor restrictions		
Undesignated	294,843	470,106
Investment in property and equipment	1,762,399	1,905,716
Designated	1,679,066	952,403
Total net assets without donor restrictions	3,736,308	3,328,225
With donor restrictions	206,303	182,817
Total net assets	3,942,611	3,511,042
Total liabilities and net assets	$ 4,263,552	$ 3,613,393

See notes to financial statements

International Wolf Center

Statements of Activities
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Other Revenue						
Public support contributions	$ 1,400,774	$ 42,734	$ 1,443,508	$ 1,297,837	$ 23,698	$ 1,321,535
Dues and memberships	269,673	-	269,673	238,682	-	238,682
Program income	170,671	-	170,671	225,107	-	225,107
Exhibit fees	221,526	-	221,526	363,796	-	363,796
Book and souvenir sales, net of direct costs of $187,016 in 2020 and $199,918 in 2019	174,348	-	174,348	156,936	-	156,936
Investment income	9,767	-	9,767	4,882	-	4,882
In-kind contributions	110,994	-	110,994	79,765	-	79,765
Other income	-	-	-	680	-	680
Gain on disposal of assets	-	-	-	9,840	-	9,840
Net assets released from restrictions	19,248	(19,248)	-	1,133,986	(1,133,986)	-
Total public support and other revenue	2,377,001	23,486	2,400,487	3,511,511	(1,110,288)	2,401,223
Expenses						
Program	1,420,222	-	1,420,222	1,507,656	-	1,507,656
Management and general	316,295	-	316,295	353,089	-	353,089
Fundraising	232,401	-	232,401	97,926	-	97,926
Total expenses	1,968,918	-	1,968,918	1,958,671	-	1,958,671
Change in net assets	408,083	23,486	431,569	1,552,840	(1,110,288)	442,552
Net Assets, Beginning	3,328,225	182,817	3,511,042	1,775,385	1,293,105	3,068,490
Net Assets, Ending	$ 3,736,308	$ 206,303	$ 3,942,611	$ 3,328,225	$ 182,817	$ 3,511,042

See notes to financial statements

International Wolf Center

Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

	2020				2019			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries	$ 554,123	$ 210,350	$ 133,071	$ 897,544	$ 608,762	$ 193,983	$ 16,360	$ 819,105
Payroll taxes and benefits	112,350	39,771	14,982	167,103	130,598	41,499	3,976	176,073
Professional services	8,906	21,803	11,366	42,075	19,384	5,622	3,596	28,602
Program costs	126,698	-	-	126,698	255,177	-	-	255,177
Membership and development	183,462	-	53,157	236,619	73,279	7,889	70,300	151,468
Occupancy and operating costs	256,675	36,153	18,418	311,246	265,212	93,908	3,694	362,814
Depreciation	168,003	3,429	-	171,432	137,212	10,093	-	147,305
Technology	10,005	4,789	1,407	16,201	18,032	95	-	18,127
Total expenses	$ 1,420,222	$ 316,295	$ 232,401	$ 1,968,918	$ 1,507,656	$ 353,089	$ 97,926	$ 1,958,671
Percentage of total expenses	72%	16%	12%	100%	77%	18%	5%	100%

See notes to financial statements

International Wolf Center

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	$ 431,569	$ 442,552
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	171,432	147,305
Investment returns for long-term purposes	(9,534)	(145)
Gain on disposal of assets	-	(9,840)
Change in assets and liabilities		
Accounts receivable	(439)	2,658
Inventory	19,781	47,217
Prepaid expenses	2,554	460
Deferred rent asset	863	38
Accounts payable	(3,820)	(13,915)
Accrued liabilities	32,751	(11,216)
Deferred revenue	7,359	(5,943)
Net cash flows from operating activities	652,516	599,171
Cash Flows From Investing Activities		
Purchase of property and equipment	(38,115)	(1,206,307)
Proceeds from the sale of equipment	-	9,840
Purchase of investments	(250,000)	(500,000)
Proceeds from the sale of investments	-	24,253
Net cash flows used in investing activities	(288,115)	(1,672,214)
Cash Flows From Financing Activities		
Proceeds from receipt of PPP loan	192,300	-
Contributions received for long-term purposes	-	868,000
Net cash flows from financing activities	192,300	868,000
Net change in cash and cash equivalents	556,701	(205,043)
Cash and Cash Equivalents, Beginning	1,037,824	1,242,867
Cash and Cash Equivalents, Ending	$ 1,594,525	$ 1,037,824
Noncash Investing Activities		
Purchases of property and equipment with amounts in accounts payable	$ -	$ 10,000

See notes to financial statements

1. Summary of Significant Accounting Policies

Nature of Activities

The International Wolf Center, (the Organization), formerly called the Committee for an International Wolf Center, was organized in 1985. The Organization 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.

Principles of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Net Assets

For the purpose of financial reporting, the Organization classifies resources into two net asset categories pursuant to any donor-imposed restrictions. Accordingly, the net assets of the Organization are classified in the accompanying financial statements in the categories that follow:

Without Donor Restrictions - Net assets not subject to donor-imposed stipulations, which may be designated for a specific purpose by the Board of Directors.

With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met by action of the Organization and/or the passage of time. Some net assets with donor restrictions may include stipulations that assets provided be maintained permanently by the Organization. Presently, there are no net assets held in perpetuity.

The Organization's Board of Directors has the ability to designate identified amounts of net assets without restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid, short-term investments with a maturity of three months or less when purchased to be cash equivalents.

The Organization maintains its cash in a bank deposit which, at times, may exceed FDIC insured limits. The Organization has not experienced any losses on these accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments are composed primarily of certificates of deposit purchased during the year ended December 31, 2020 that have original maturity dates in excess of three months from the date of purchase. These certificates of deposit are carried at cost, which approximates fair value.

Accounts and Grants Receivable

The Organization considers all accounts and grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, based on the best determination by management, they will be charged to operations when that determination is made. No interest is charged on past due receivables.

Inventory

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

Property and Equipment

Property and equipment are stated at cost and depreciation is provided on the straight-line method. Property and equipment balances are as follows:

	Depreciable Lives	2020	2019
Leasehold improvements	5 - 40 yrs.	$ 571,584	$ 556,395
Equipment	5 - 10 yrs.	170,663	170,663
Computer equipment	3 - 10 yrs.	268,104	263,049
Exhibit materials	5 - 40 yrs.	2,031,826	2,026,378
Vehicles	5 yrs.	56,520	54,097
Total property and equipment		3,098,697	3,070,582
Less accumulated depreciation		(1,336,298)	(1,164,866)
Property and equipment, net		$ 1,762,399	$ 1,905,716

Maintenance and repairs of property and equipment are charged to operations and major renewals are capitalized.

Donations of property and equipment are recorded as contributions at their estimated fair values. Donations are reported as contributions without donor restrictions unless the donor has restricted the asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor restrictions regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Revenue Recognition

Revenues from sources other than contributions include dues and memberships, program income, exhibit fees, and book and souvenir sales. Such revenues are generally reported as increases in net assets without donor restrictions when the relevant performance obligations under the contract are satisfied. Expenses are reported as decreases in that category. Income earned on donor restricted funds is initially classified as net assets with donor restrictions and is reclassified to net assets without donor restrictions when expenses are incurred for their intended purpose.

Contributions

Unconditional contributions, those that do not include a measurable performance-related or other barrier or are those in which the Organization has limited discretion over how the contribution should be spent, are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Contributions that include a measurable barrier or those for which the Organization has limited discretion over how the contribution should be spent and a right of return or release from future obligations are recorded as conditional contributions. Conditional contributions are not recognized until they become unconditional, that is, when the conditions surrounding the indications of the barrier have been met.

Donated Materials and Services

Donated materials are reflected as in-kind contributions in the financial statements at their estimated fair values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

For the years ended December 31, 2020 and 2019, the value of contributed services and materials meeting the requirements for recognition in the financial statements was $110,994 and $79,765, respectively.

Tax-Exempt Status

The Organization has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes. However, unrelated business income may be subject to taxation.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization for uncertain tax positions as of December 31, 2020 and 2019. The Organization's tax returns are subject to review and examination by federal and state authorities.

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function are allocated to components of these services based on time and effort spent, as well as activities and costs that are directly related to either program or supporting services.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled $156,450 and $122,271 for the years ended December 31, 2020 and 2019, respectively, and includes $105,313 and $59,182 of in-kind contributions, respectively.

Reclassifications

Certain amounts appearing in the 2019 financial statements have been reclassified to conform to the 2020 presentation. The reclassifications have no effect on reported amounts of total net assets or changes in total net assets.

Subsequent Events

The Organization has evaluated subsequent events occurring through June 30, 2021, the date that the financial statements were approved and available to be issued.

Recent Accounting Pronouncement Not Yet Effective

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*. ASU 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Early application is permitted. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The Organization is assessing the impact this standard will have on its financial statements.

During September 2020, FASB issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. The Organization is assessing the impact this standard will have on its financial statements.

2. Liquidity and Availability of Financial Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2020	2019
Financial assets:		
Cash	$ 1,594,525	$ 1,037,824
Certificates of deposit	759,679	500,145
Accounts receivable	2,233	1,794
Financial assets at December 31	2,356,437	1,539,763
Less those unavailable for general expenditures within one year:		
Restricted by donor with time or purpose restriction	(206,303)	(182,817)
Board designated assets	(1,679,066)	(952,403)
Financial assets available to meet cash needs for general purposes within one year	$ 471,068	$ 404,543

The Organization's practice is to structure its financial assets to be available as its general expenses, liabilities and obligations come due and targets a minimum of 90 days of operating expense coverage at any point in time.

The Organization has plans to solicit additional contributions or apply for a line of credit in the event of unanticipated liquidity needs. Additionally, board designated assets may be released if necessary upon action from the Board of Directors.

3. Employee Benefit Plan

The Organization provides a defined contribution 403(b) plan for the benefit of all full-time employees who are at least 21 years old. The plan allows employees to defer up to $19,500, or $26,000, if over age 50, and $19,000 and $25,000, if over age 50, for the years ended December 31, 2020 and 2019, respectively.

The Organization matches 100 percent of employee contributions to the plan up to a maximum of 5 percent of the employee's salary for the years ended December 31, 2020 and 2019. Employer contributions totaled $25,426 and $23,774 for the years ended December 31, 2020 and 2019, respectively.

4. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

	2020	2019
Tribute Fund	$ 76,027	$ 50,441
Wolf Care	97,546	97,546
Miscellaneous	32,730	34,830
Total	$ 206,303	$ 182,817

5. Operating Leases

At December 31, 2020, the Organization was obligated under an operating lease for office space, expiring on October 31, 2025. During the years ended December 31, 2020 and 2019, this lease had rental payments of $2,179 and $2,114 per month, respectively, plus their share of operating costs. The Organization was also obligated under an operating lease for storage space, which expired on January 15, 2021. This lease had current rental payments of $760 per month, and was not renewed.

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 Organization would occupy the structure in perpetuity. While for administrative purposes the Organization'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 Organization into the future for research and educational purposes. The lease calls for maintenance costs payment to be adjusted every 2 years and the lease can be terminated by the State of Minnesota with a 3 month written notice.

Rent and maintenance expense charged to operations under these leases for the years ended December 31, 2020 and 2019 was $104,755 and $105,624, respectively.

The following is a schedule of future lease payments under operating leases:

Years ending December 31:		
2021	$	26,300
2022		27,100
2023		27,900
2024		28,600
2025		29,200
Total	$	139,100

6. Commitments and Contingencies

Due to complications in the closing of the billing process with the DNR, the Organization has been unable to obtain a final invoice or an estimate of the amount that was expended that relates to the wolf care lab. Due to the uncertainty in the total amount, no asset or offsetting liability has been recorded on the statement of financial position. The funding for this project of $163,000 is included in net assets with donor restrictions under the "Wolf Care Fund" and the designated fund included in net assets without donor restrictions. As the Organization is unable to obtain the appropriate information, no amounts have been released from the restricted Wolf Care Fund as of December 31, 2020 and 2019.

7. Related Party Transactions

Related party (board members) contributions totaled $71,843 and $71,387 for the years ended December 31, 2020 and 2019, respectively.

8. Paycheck Protection Program

In April 2020, the Organization received loan proceeds in the amount of $192,300 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a “covered period” (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over 2 years if issued before, or 5 years if issued after, June 5, 2020 at an interest rate of 1% with payments deferred until the SBA remits the borrower’s loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. The Organization may request to repay the loan over five years and the request is subject to the approval of the lender. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

The Organization met the PPP’s loan forgiveness requirements, and therefore, applied for forgiveness during January of 2021. In March 2021, the Organization received legal release from the SBA, and therefore, will record the amount forgiven, $192,300, as forgiveness income in its 2021 statement of activities. The PPP loan proceeds are currently reported as a current liability in its 2021 statement of financial position.

In February 2021, the Organization received loan proceeds in the amount of $176,332 under the Second Draw Paycheck Protection Program (PPP) which is administered through the SBA and allows borrowers having previously received a PPP Loan to apply for a Second Draw PPP loan with the same loan terms as the First Draw PPP loan.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.