International Wolf Center

Financial Statements

December 31, 2021 and 2020

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Independent Auditors' Report

To the Board of Directors of
International Wolf Center

Opinion

We have audited the financial statements of International Wolf Center (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’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.

Baker Tilly US, LLP

Minneapolis, Minnesota
June 16, 2022

International Wolf Center

Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash	$ 2,002,546	$ 1,594,525
Accounts receivable	2,042	2,233
Inventory	97,060	98,758
Prepaid expenses	28,858	27,394
Total current assets	2,130,506	1,722,910
Investments	1,758,340	759,679
Property and Equipment, Net	1,617,643	1,762,399
Other Assets		
Deferred rent asset	13,378	14,947
Security deposits	3,617	3,617
Total assets	$ 5,523,484	$ 4,263,552
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 24,484	$ 14,167
Accrued payroll and payroll taxes	74,638	78,530
Accrued retirement contribution	3,795	4,018
Credit card payable	25,285	13,707
Deferred revenue	25,951	18,219
Paycheck Protection Program (PPP) loan	-	192,300
Total current liabilities	154,153	320,941
Net Assets		
Without donor restrictions		
Undesignated	1,049,499	294,843
Investment in property and equipment	1,617,643	1,762,399
Designated	2,613,806	1,679,066
Total net assets without donor restrictions	5,280,948	3,736,308
With donor restrictions	88,383	206,303
Total net assets	5,369,331	3,942,611
Total liabilities and net assets	$ 5,523,484	$ 4,263,552

See notes to financial statements

International Wolf Center

Statements of Activities
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Other Revenue						
Public support contributions	$ 1,914,585	$ 2,500	$ 1,917,085	$ 1,400,774	$ 42,734	$ 1,443,508
Dues and memberships	258,171	-	258,171	269,673	-	269,673
Program income	102,795	-	102,795	170,671	-	170,671
Exhibit fees	398,705	-	398,705	221,526	-	221,526
Book and souvenir sales, net of direct costs of $226,620 in 2021 and $187,016 in 2020	216,111	-	216,111	174,348	-	174,348
Investment income	6,619	-	6,619	9,767	-	9,767
In-kind contributions	116,813	-	116,813	110,994	-	110,994
Forgiveness of paycheck protection program loans	368,632	-	368,632	-	-	-
Loss on disposal of assets	(13,367)	-	(13,367)	-	-	-
Net assets released from restrictions	120,420	(120,420)	-	19,248	(19,248)	-
Total public support and other revenue	3,489,484	(117,920)	3,371,564	2,377,001	23,486	2,400,487
Expenses						
Program	1,352,995	-	1,352,995	1,420,222	-	1,420,222
Management and general	314,659	-	314,659	316,295	-	316,295
Fundraising	277,190	-	277,190	232,401	-	232,401
Total expenses	1,944,844	-	1,944,844	1,968,918	-	1,968,918
Change in net assets	1,544,640	(117,920)	1,426,720	408,083	23,486	431,569
Net Assets, Beginning	3,736,308	206,303	3,942,611	3,328,225	182,817	3,511,042
Net Assets, Ending	$ 5,280,948	$ 88,383	$ 5,369,331	$ 3,736,308	$ 206,303	$ 3,942,611

See notes to financial statements

International Wolf Center

Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	2021				2020			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries	$ 554,400	$ 194,757	$ 143,651	$ 892,808	$ 554,123	$ 210,350	$ 133,071	$ 897,544
Payroll taxes and benefits	123,137	36,249	20,537	179,923	112,350	39,771	14,982	167,103
Professional services	4,849	19,246	11,009	35,104	8,906	21,803	11,366	42,075
Program costs	189,249	-	-	189,249	126,698	-	-	126,698
Membership and development	76,844	-	75,101	151,945	183,462	-	53,157	236,619
Occupancy and operating costs	235,417	53,297	25,182	313,896	256,675	36,153	18,418	311,246
Depreciation	158,691	3,429	-	162,120	168,003	3,429	-	171,432
Technology	10,408	7,681	1,710	19,799	10,005	4,789	1,407	16,201
Total expenses	$ 1,352,995	$ 314,659	$ 277,190	$ 1,944,844	$ 1,420,222	$ 316,295	$ 232,401	$ 1,968,918
Percentage of total expenses	70%	16%	14%	100%	72%	16%	12%	100%

See notes to financial statements

International Wolf Center

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	$ 1,426,720	$ 431,569
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	162,120	171,432
Investment returns for long-term purposes	(4,252)	(9,534)
Gain on forgiveness of paycheck protection program loans	(368,632)	-
Loss on dispoal of property and equipment	13,367	-
Change in assets and liabilities		
Accounts receivable	191	(439)
Inventory	1,698	19,781
Prepaid expenses	(1,464)	2,554
Deferred rent asset	1,569	863
Accounts payable	10,317	(3,820)
Accrued liabilities	7,463	32,751
Deferred revenue	7,732	7,359
Net cash flows from operating activities	1,256,829	652,516
Cash Flows From Investing Activities		
Purchase of property and equipment	(30,731)	(38,115)
Purchase of investments	(1,000,000)	(250,000)
Proceeds from the sale of investments	5,591	-
Net cash flows used in investing activities	(1,025,140)	(288,115)
Cash Flows From Financing Activities		
Proceeds from receipt of PPP loan	176,332	192,300
Net cash flows from financing activities	176,332	192,300
Net change in cash and cash equivalents	408,021	556,701
Cash and Cash Equivalents, Beginning	1,594,525	1,037,824
Cash and Cash Equivalents, Ending	$ 2,002,546	$ 1,594,525

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 as of December 31, 2021 and 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	2021	2020
Leasehold improvements	5 - 40 yrs.	$ 578,273	$ 571,584
Equipment	5 - 10 yrs.	125,405	170,663
Computer equipment	3 - 10 yrs.	168,381	268,104
Exhibit materials	5 - 40 yrs.	2,047,183	2,031,826
Vehicles	5 yrs.	54,097	56,520
Total property and equipment		2,973,339	3,098,697
Less accumulated depreciation		(1,355,696)	(1,336,298)
Property and equipment, net		$ 1,617,643	$ 1,762,399

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, 2021 and 2020, the value of contributed services and materials meeting the requirements for recognition in the financial statements was $116,813 and $110,994, 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, 2021 and 2020. 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 $95,487 and $156,450 for the years ended December 31, 2021 and 2020, respectively, and includes $34,156 and $105,313 of in-kind contributions, respectively.

Subsequent Events

The Organization has evaluated subsequent events occurring through June 16, 2022, 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 Accounting Standards Update (ASU) No. 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, the FASB issued 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:

	2021	2020
Financial assets:		
Cash	$ 2,002,546	$ 1,594,525
Certificates of deposit	1,758,340	759,679
Accounts receivable	2,042	2,233
Financial assets at December 31	3,762,928	2,356,437
Less those unavailable for general expenditures within one year:		
Restricted by donor with time or purpose restriction	(88,383)	(206,303)
Board designated assets	(2,613,806)	(1,679,066)
Financial assets available to meet cash needs for general purposes within one year	$ 1,060,739	$ 471,068

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, 2021 and 2020, 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, 2021 and 2020. Employer contributions totaled $31,371 and $25,426 for the years ended December 31, 2021 and 2020, respectively.

4. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

	2021	2020
Tribute Fund	$ -	$ 76,027
Wolf Care	84,158	97,546
Miscellaneous	4,225	32,730
Total	$ 88,383	$ 206,303

5. Operating Leases

At December 31, 2021, the Organization was obligated under an operating lease for office space, expiring on October 31, 2025. During the years ended December 31, 2021 and 2020, this lease had rental payments of $2,245 and $2,179 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, 2021 and 2020 was $110,817 and $104,755, respectively.

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

Years ending December 31:		
2022	$	27,100
2023		27,900
2024		28,600
2025		29,200
Total	$	112,800

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, 2021 and 2020. The Organization has been in negotiation with the DNR regarding releasing these funds for other building maintenance projects.

7. Related Party Transactions

Related party (board members) contributions totaled $63,314 and $71,843 for the years ended December 31, 2021 and 2020, 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 Organization met the PPP’s loan forgiveness requirements, and therefore, applied for forgiveness during January 2021. In March 2021, the Organization received legal release from the SBA, and recognized debt forgiveness income in the amount of $192,300 in its 2021 statement of activities.

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 Organization met the PPP’s loan forgiveness requirements, and therefore, applied for forgiveness. In December 2021, the Organization received legal release from the SBA, and recognized debt forgiveness income in the amount of $176,332 in its 2021 statement of activities for a total of $368,632 for the year ended December 31, 2021.

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.