

Wilderness Inquiry, Inc.

St. Paul, Minnesota

Consolidated Financial Statements
Auditor's Report
For the Years Ended
December 31, 2023 and 2022



CERTIFIED PUBLIC ACCOUNTANTS

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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, 2023 and 2022, 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, 2023 and 2022 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.

Coyote Emt and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
March 27, 2024

WILDERNESS INQUIRY, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash and Cash Equivalents	\$ 587,527	\$ 580,516
Short-Term Investments	2,131,116	1,251,287
Accounts Receivable	20,716	25,716
Grants and Pledges Receivable	776,507	248,310
Prepaid Expenses	144,646	84,354
Total Current Assets	3,660,512	2,190,183
Noncurrent Assets:		
Property and Equipment - Net	610,014	715,857
Grants and Pledges Receivable	195,000	30,000
Right of Use Asset	270,102	348,285
Investments:		
Long-Term Investments (WI Foundation)	6,147,856	5,731,360
Endowment Fund	2,239,780	2,051,235
457b Deferred Compensation Market Value	482,529	501,182
TOTAL ASSETS	\$ 13,605,793	\$ 11,568,102
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 55,685	\$ 22,600
Accrued Vacation and Salary	189,113	135,028
Operating Lease Liability	79,287	73,628
Deferred Revenue	219,900	168,156
Gift Certificates	73,316	75,157
Total Current Liabilities	617,301	474,569
Long-term Liabilities:		
Operating Lease Liability	200,149	279,436
457b Deferred Compensation	482,529	501,182
Total Liabilities	1,299,979	1,255,187
Net Assets:		
Without Donor Restrictions	10,536,788	9,061,851
With Donor Restrictions	1,769,026	1,251,064
Total Net Assets	12,305,814	10,312,915
TOTAL LIABILITIES AND NET ASSETS	\$ 13,605,793	\$ 11,568,102

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, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions of Financial Assets	\$ 3,919,176	\$ 870,000	\$ 4,789,176	\$ 2,194,425	\$ 353,338	\$ 2,547,763
Program Service Fees	1,359,480	-	1,359,480	1,056,470	-	1,056,470
Endowment Payout	69,368	-	69,368	71,337	-	71,337
Investment Income	814,056	-	814,056	(148,301)	-	(148,301)
Miscellaneous Income	29,408	-	29,408	30,820	-	30,820
Special Events						
Special Events Income	155,600	-	155,600	149,850	-	149,850
Costs of Direct Benefits to Donors	(17,020)	-	(17,020)	(17,408)	-	(17,408)
Special Events - Net	138,580	-	138,580	132,442	-	132,442
Net Assets Released from Restrictions:						
Satisfaction of Purpose and Time Restrictions	353,338	(353,338)	-	77,000	(77,000)	-
Total Support and Revenue	6,683,406	516,662	7,200,068	3,414,193	276,338	3,690,531
Expense:						
Program Services:						
Day and Multi-Day	2,641,527	-	2,641,527	1,347,197	-	1,347,197
Extended Adventures	1,515,794	-	1,515,794	1,651,625	-	1,651,625
Training, Learning & Career Pathways	227,596	-	227,596	462,706	-	462,706
Total Program Services	4,384,917	-	4,384,917	3,461,528	-	3,461,528
Support Services:						
Management and General	702,325	-	702,325	586,303	-	586,303
Fundraising	239,104	-	239,104	263,391	-	263,391
Total Support Services	941,429	-	941,429	849,694	-	849,694
Total Expense	5,326,346	-	5,326,346	4,311,222	-	4,311,222
Change in Net Assets - Operating	1,357,060	516,662	1,873,722	(897,029)	276,338	(620,691)
Change in Value of Endowment	187,245	-	187,245	(185,764)	-	(185,764)
Less: Endowment Payout for Operations	(69,368)	-	(69,368)	(71,337)	-	(71,337)
Net Change in Value of Endowment	117,877	-	117,877	(257,101)	-	(257,101)
Endowment Contributions	-	1,300	1,300	291,129	300	291,429
Gain on Sale of Building	-	-	-	303,904	-	303,904
Change in Net Assets	1,474,937	517,962	1,992,899	(559,097)	276,638	(282,459)
Net Assets - Beginning of Year	9,061,851	1,251,064	10,312,915	9,620,948	974,426	10,595,374
Net Assets - End of Year	\$ 10,536,788	\$ 1,769,026	\$ 12,305,814	\$ 9,061,851	\$ 1,251,064	\$ 10,312,915

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, 2023

	2023						2022	
	Program Services			Support Services			Total All Services	Total All Services
	Day and Multi-Day	Extended Adventures	Training, Learning & Career Pathways	Total Program Services	Management & General	Fund-raising		
Salaries	\$ 1,488,867	\$ 705,690	\$ 149,459	\$ 2,344,016	\$ 148,326	\$ 192,621	\$ 340,947	\$ 2,684,963
Payroll Taxes	110,022	52,148	11,044	173,214	10,961	14,234	25,195	198,409
Employee Benefits	147,613	55,713	2,390	205,716	18,331	13,402	31,733	237,449
Total Personnel Costs	1,746,502	813,551	162,893	2,722,946	177,618	220,257	397,875	3,120,821
Trip Expenses	280,470	437,653	26,389	744,512	-	-	-	744,512
Contract Services	83,349	32,885	28,262	144,496	393,510	-	393,510	538,006
Facilities	192,955	77,166	2,680	272,801	25,058	10,743	35,801	308,602
Insurance	126,112	47,292	1,751	175,155	2,962	-	2,962	178,117
Transportation	62,447	40,887	2,390	105,724	52	-	52	105,776
Credit Card Fees	-	10,072	-	10,072	54,337	1,821	56,158	66,230
Miscellaneous	27,681	10,153	369	38,203	1,895	509	2,404	40,607
Supplies	10,540	3,953	146	14,639	17,101	39	17,140	31,779
Travel and Entertainment	10,181	4,290	134	14,605	11,741	2,320	14,061	28,666
Outreach and Promotion	13,127	4,923	182	18,232	13	1,451	1,464	19,696
Technology	228	85	3	316	17,596	349	17,945	18,261
Postage	3,653	851	68	4,572	442	1,615	2,057	6,629
Printing and Copying	3,130	1,173	43	4,346	-	-	-	4,346
Depreciation	81,152	30,860	2,286	114,298	-	-	-	114,298
Total Expense	\$ 2,641,527	\$ 1,515,794	\$ 227,596	\$ 4,384,917	\$ 702,325	\$ 239,104	\$ 941,429	\$ 5,326,346
								\$ 4,311,222

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, 2022

	Program Services				Support Services				Total All Services
	Share the Adventure	Canoemobile	Individuals & Families with Disabilities	Total Program Services	Management & General	Fund-raising	Total Support Services		
Salaries	\$ 723,266	\$ 922,053	\$ 265,666	\$ 1,910,985	\$ 53,613	\$ 210,097	\$ 263,710	\$ 2,174,695	
Payroll Taxes	53,035	67,611	19,480	140,126	3,932	15,406	19,338	159,464	
Employee Benefits	84,085	107,196	30,886	222,167	6,233	24,425	30,658	252,825	
Total Personnel Costs	860,386	1,096,860	316,032	2,273,278	63,778	249,928	313,706	2,586,984	
Trip Expenses	238,462	147,593	74,062	460,117	1,978	86	2,064	462,181	
Contract Services	23,691	74,553	6,815	105,059	343,264	28	343,292	448,351	
Facilities	67,248	95,371	18,682	181,301	14,974	6,693	21,667	202,968	
Insurance	43,738	71,159	13,252	128,149	39,559	-	39,559	167,708	
Transportation	48,514	54,625	14,278	117,417	319	-	319	117,736	
Credit Card Fees	535	767	156	1,458	28,376	29	28,405	29,863	
Miscellaneous	1,577	26,283	759	28,619	3,460	2,886	6,346	34,965	
Supplies	975	1,397	285	2,657	51,693	52	51,745	54,402	
Travel and Entertainment	3,840	6,328	935	11,103	10,591	1,706	12,297	23,400	
Outreach and Promotion	4,782	2,197	535	7,514	12,431	870	13,301	20,815	
Technology	4,743	2,179	531	7,453	12,329	863	13,192	20,645	
Postage	726	333	81	1,140	1,887	133	2,020	3,160	
Printing and Copying	640	294	72	1,006	1,664	117	1,781	2,787	
Depreciation	47,340	71,686	16,231	135,257	-	-	-	135,257	
Total Expense	\$ 1,347,197	\$ 1,651,625	\$ 462,706	\$ 3,461,528	\$ 586,303	\$ 263,391	\$ 849,694	\$ 4,311,222	

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, 2023 AND 2022

	2023	2022
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,992,899	\$ (282,459)
Depreciation	114,298	135,257
Change in Operating Leases	4,555	9,557
Contributions Restricted in Perpetuity	(1,300)	(300)
Unrealized & Realized (Gain) Loss on Investments	(752,829)	445,206
Realized (Gain) Loss on Sale of Property	-	(303,904)
Increase (Decrease) in Liabilities:		
Accounts Payable	33,085	(4,860)
Accrued Vacation and Salary	54,085	(35,321)
Deferred Revenue	51,744	83,352
Gift Certificates	(1,841)	(4,411)
Decrease (Increase) in Assets:		
Accounts Receivable	5,000	583
Grants and Pledges Receivable	(693,197)	(30,212)
Prepaid Expenses	(60,292)	20,389
Net Cash Provided by Operating Activities	746,207	32,877
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(8,455)	(67,200)
Proceeds from Sale of Property and Equipment	-	380,454
Proceeds from Maturity/Sale of Investments	6,082,675	6,150,630
Purchases of Investments	(6,814,716)	(6,367,381)
Net Cash Provided (Used) by Investing Activities	(740,496)	96,503
Cash Flows from Financing Activities:		
Contributions Restricted in Perpetuity	1,300	300
Net Cash Provided by Financing Activities	1,300	300
Net Increase in Cash and Cash Equivalents	7,011	129,680
Cash and Cash Equivalents - Beginning of Year	580,516	450,836
Cash and Cash Equivalents - End of Year	\$ 587,527	\$ 580,516

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

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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 connect people of all ages, backgrounds, identities, and abilities through shared outdoor adventures so that all people can equitably experience the benefits of time spent in nature. Through the core values of paddling together, finding a way, seeking the exceptional, and nurturing inclusion, WI promotes the outdoors as a place where everyone belongs. Since 1978, WI has actively worked to break down barriers to outdoor access through supported recreational, educational, and leadership and career pathway programs in the natural world – with the fundamental belief that connections to the outdoors support healthy individuals and communities. Annually, programs provide outdoor opportunities for tens of thousands of participants, and primarily seek to engage our core audiences from communities historically and currently underrepresented in the outdoors, including 1) people with disabilities; 2) individuals who identify as Black, Indigenous, and People of Color (BIPOC) and/or LGBTQ+; and 3) individuals and families that experience financial inequity.

Current WI programs include:

Day & Multi-Day Programs: Wilderness Inquiry Day Programs provide introductory hands-on learning and outdoor recreation in 75 communities throughout Minnesota and nationally. Day Programs serve the majority of WI's participants through programs including Canoemobile; Outdoor Activity Days; Outdoor Credit Recovery; Virtual Explorers; and Deaf, Deaf-Blind, and Hard of Hearing Day Camps. These nationally recognized outdoor programs connect youth, adults, and families to their local public lands and waterways, develop our next generation of environmental stewards, and address the opportunity gap. WI continues to offer virtual programming in addition to in-person outdoor experiences. In 2023, 32,806 people participated in Day & Multi-Day Programs (1,509 virtually), 48% of which identified as black, indigenous or people of color (BIPOC).

Number of People Served: 32,806
Number of Service Days: 16,617
Number of Events: 351

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Extended Adventures: Regardless of age, background, identity or ability, individuals have the opportunity to participate in outdoor overnight adventures nationally and internationally. Inclusion is at the heart of this program, which strives to create authentic and positive travel opportunities for all participants. Adventures are 2-15 days and include activities such as kayaking, canoeing, hiking, and dogsledding. In 2023, WI guided 121 trips to 21 unique destinations, including Apostle Islands National Lakeshore, Boundary Waters Canoe Area Wilderness, Costa Rica, Hawaii's Big Island, Iceland, Isle Royale, Tanzania, and Yellowstone National Park. 1,487 people traveled with WI on Overnight Adventures in 2023, including 26% with disabilities.

Number of People Served: 1,487

Number of Service Days: 6,368

Number of Events: 121

Training, Leadership & Career Pathways: WI offers many programs focused on training, leadership, and career development, all intended to increase representation in outdoor spaces. 2023 was the second year of WI's Fellowship Program, which provides paid, accessible, professional skill-building opportunities for individuals interested in building careers in the outdoor and nonprofit job sectors. The program is focused on hiring individuals with identities underrepresented in outdoor professions, including those who identify as BIPOC, LGBTQ+, and/or a person with a disability. In total, WI worked with 135 people through training, leadership and career programs.

Number of People Served: 135

Number of Service Days: 185

Number of Events: 6

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, 2023 and 2022, investments were held at Vanguard, JP Morgan and the Saint Paul & Minnesota Foundation.

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

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.

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.

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, 2023 and 2022.

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

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.

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 provided 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.

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>2023</u>	<u>2022</u>
Deferred Revenue – Beginning of Year	\$ 168,156	\$ 84,804
Revenue recognized that was included in deferred revenue at the beginning of the year	(168,156)	(84,804)
Increases in deferred revenue due to cash received during the year	<u>219,900</u>	<u>168,156</u>
Deferred Revenue– End of Year	<u>\$ 219,900</u>	<u>\$ 168,156</u>

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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. 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, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

WI has evaluated the effect that subsequent events would have on the consolidated financial statements through March 27, 2024, which is the date consolidated financial statements were available to be issued.

See Note 12 regarding subsequent building purchase.

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, 2023 and 2022, WI held funds in a financial institution in excess of federally insured limits.

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 \$108,109 and \$84,704 for the years ended December 31, 2023 and 2022, respectively.

4. Grants and Pledges Receivable

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

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
2023	\$ -	\$ 248,098
2024	776,507	10,000
2025	185,000	10,000
2026	10,000	10,000
Total	<u>\$ 971,507</u>	<u>\$ 278,310</u>

All grants and contributions receivable are considered collectable.

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

5. Investments

Investments were comprised of the following at:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Market</u>	<u>Market</u>
Endowment Fund held at Minnesota Community Foundation	\$ -	\$ 2,051,235
Endowment Fund Held at JP Morgan	2,239,780	-
Exchange-Traded Funds	5,354,394	6,632,699
Mutual Funds	482,529	501,182
Treasury Stocks	2,576,751	-
Money Market Funds	347,827	349,948
	<u>\$11,001,281</u>	<u>\$ 9,535,064</u>

Investment income included the following as of:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Unrealized and Realized Gain (Loss)	\$ 752,830	\$ (445,206)
Interest and Dividends (Net of Fees)	248,471	111,141
	<u>\$ 1,001,301</u>	<u>\$ (334,065)</u>

6. Property and Equipment

WI owned the following assets as of:

	<u>December 31,</u>		<u>Estimated Useful Lives</u>
	<u>2023</u>	<u>2022</u>	
Land	\$ 227,105	\$ 227,105	
Buildings	90,049	90,049	30-40 years
Office Equipment	16,990	16,990	3-5 years
Program Equipment	706,957	746,501	3-5 years
Building Improvements	444,672	444,672	5-30 years
Vehicles	469,130	469,130	5 years
	1,954,903	1,994,447	
Less Accumulated Depreciation	<u>1,344,889</u>	<u>1,278,590</u>	
	<u>\$ 610,014</u>	<u>\$ 715,857</u>	

Depreciation expense of \$114,298 and \$135,257 was recorded for the years ended December 31, 2023 and 2022, respectively.

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

7. Fair Value

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. A three-tier hierarchy of inputs establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed as follows:

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

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

December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment Fund	\$ 2,239,780	\$ -	\$ -	\$ 2,239,780
Exchange-Trade Funds:				
Bond Funds	5,354,394	-	-	5,354,394
Mutual Funds:				
Balanced Funds	482,529	-	-	482,529
Treasury Stocks	2,576,751	-	-	2,576,751
Money Market Funds	<u>347,827</u>	<u>-</u>	<u>-</u>	<u>347,827</u>
	<u>\$11,001,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,001,281</u>

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	<u>349,948</u>	<u>-</u>	<u>-</u>	<u>349,948</u>
	<u>\$ 7,483,829</u>	<u>\$ -</u>	<u>\$ 2,051,235</u>	<u>\$ 9,535,064</u>

The endowment fund was held at the Saint Paul & Minnesota Foundation as of the beginning of the year. Endowment funds were transferred to JP Morgan in August 2023, and investments are valued at level 1 of the fair value hierarchy.

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

8. Liquidity and Availability

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

Financial Assets	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 587,527	\$ 580,516
Accounts Receivable	20,715	25,716
Grants and Pledges Receivable	971,507	278,310
Short-Term Investments	2,131,116	1,251,287
Endowment Fund Spending Allocation	<u>-</u>	<u>71,337</u>
Total Financial Assets	3,710,865	2,207,166
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>\$ 3,710,865</u>	<u>\$ 2,207,166</u>

WI does not consider their endowment an asset available for expenditure. In 2022, the endowment funds were held at the Saint Paul & Minnesota Foundation. A spending allocation was estimated based on historical allocation patterns. The allocation was considered an asset for use within one year. WI transferred the funds to JP Morgan during the year and holds the variance power. The endowment funds are classified as long-term assets, therefore not available for use during normal operations but can be available if necessary. 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.

9. Net Assets with Donor Restrictions

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

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subject to expenditures for specified purpose:		
Summer Programming	\$ 250,000	\$ 20,000
Little Sandy Bay Base Camp	-	20,000
Accessible Van	50,000	-
Underserved Youth	500,000	-
Founders Endowment	<u>-</u>	<u>313,338</u>
	800,000	353,338
Subject to passage of time:		
Future Years Grants	70,000	-
Restricted in Perpetuity:		
Endowment	<u>899,026</u>	<u>897,726</u>
	<u>\$ 1,769,026</u>	<u>\$ 1,251,064</u>

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

10. 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 \$10,000 and \$20,500 for an eligible employee for the years ended December 31, 2023 and 2022, respectively.

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

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

11. Endowment Funds (Continued)

Endowment net asset composition by type of fund:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
December 31, 2022	<u>\$ 1,153,509</u>	<u>\$ 897,726</u>	<u>\$ 2,051,235</u>
December 31, 2023	<u>\$ 1,340,754</u>	<u>\$ 899,026</u>	<u>\$ 2,239,780</u>

Changes in endowment net assets:

	<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>
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	1,153,509	897,726	2,051,235
Total Investment Return	187,245	-	187,245
Contributions	<u>-</u>	<u>1,300</u>	<u>1,300</u>
December 31, 2023	<u>\$ 1,340,754</u>	<u>\$ 899,026</u>	<u>\$ 2,239,780</u>

12. Building Purchase

WI purchased a building in February, 2024. This building, located in Bloomington, will serve as the new headquarters for office and warehouse operations. After renovations, Wilderness Inquiry plans to leave the current leased property later in 2024.

WILDERNESS INQUIRY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

13. Operating Lease

WI has an operating lease for office space. The right-of-use (ROU) assets represent WI's right to use underlying assets for the lease term, and the lease liabilities represent the WI's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. WI has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

The following summarizes the weighted average remaining lease term and discount rate as of:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term:		
Operating Lease	3.3 years	4.3 years
Weighted Average Discount Rate:		
Operating Lease	4.25%	4.25%

Maturities of lease liabilities as of December 31, 2023 were as follows:

2024	\$ 89,640
2025	92,061
2026	94,482
2027	23,772
Less Present Value Discount	<u>(20,519)</u>
Present Value of Lease Liabilities	<u>\$ 279,436</u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Operating lease expense included in Occupancy	<u>\$ 91,775</u>	<u>\$ 68,831</u>

The following summarizes cash flow information related to leases for the year ended:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of Lease liabilities:		
Operating cash flows from operating leases	\$ 87,220	\$ 64,053

ADDITIONAL INFORMATION

WILDERNESS INQUIRY
CONSOLIDATING SCHEDULE OF REVENUE, EXPENSE AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>WI</u>	<u>WI Foundation</u>	<u>Elimination Entries</u>	<u>Total</u>
Support and Revenue:				
Contributions	\$ 5,039,176	\$ -	\$ (250,000)	\$ 4,789,176
Program Service Fees	1,359,480	-	-	1,359,480
Endowment Payout	69,368	-	-	69,368
Investment Income	147,560	666,496	-	814,056
Miscellaneous Income	29,408	-	-	29,408
Special Events				
Special Events Income	155,600	-	-	155,600
Costs of Direct Benefits to Donors	(17,020)	-	-	(17,020)
Special Events - Net	<u>138,580</u>	<u>-</u>	<u>-</u>	<u>138,580</u>
Total Support and Revenue	<u>6,783,572</u>	<u>666,496</u>	<u>(250,000)</u>	<u>7,200,068</u>
Expense:				
Salaries	2,684,963	-	-	2,684,963
Payroll Taxes	198,409	-	-	198,409
Employee Benefits	237,449	-	-	237,449
Total Personnel Costs	<u>3,120,821</u>	<u>-</u>	<u>-</u>	<u>3,120,821</u>
Trip Expenses	744,512	-	-	744,512
Contract Services	538,006	-	-	538,006
Facilities	308,602	-	-	308,602
Insurance	178,117	-	-	178,117
Grant Expenses	-	250,000	(250,000)	-
Transportation	105,776	-	-	105,776
Supplies	31,779	-	-	31,779
Miscellaneous	40,607	-	-	40,607
Credit Card Fees	66,230	-	-	66,230
Travel and Entertainment	28,666	-	-	28,666
Outreach and Promotion	19,696	-	-	19,696
Telephone/Website	18,261	-	-	18,261
Postage	6,629	-	-	6,629
Printing and Copying	4,346	-	-	4,346
Depreciation	114,298	-	-	114,298
Total Expense	<u>5,326,346</u>	<u>250,000</u>	<u>(250,000)</u>	<u>5,326,346</u>
Change in Net Assets - Operating	<u>1,457,226</u>	<u>416,496</u>	<u>-</u>	<u>1,873,722</u>
Change in Value of Endowment	187,245	-	-	187,245
Less: Endowment Payout for Operations	(69,368)	-	-	(69,368)
Net Change in Value of Endowment	<u>117,877</u>	<u>-</u>	<u>-</u>	<u>117,877</u>
Endowment Contributions	1,300	-	-	1,300
Gain on Sale of Building	-	-	-	-
Change in Net Assets	<u>1,576,403</u>	<u>416,496</u>	<u>-</u>	<u>1,992,899</u>
Net Assets - Beginning of Year	<u>4,581,555</u>	<u>5,731,360</u>	<u>-</u>	<u>10,312,915</u>
Net Assets - End of Year	<u>\$ 6,157,958</u>	<u>\$ 6,147,856</u>	<u>\$ -</u>	<u>\$ 12,305,814</u>

See Independent Auditor's Report.

WILDERNESS INQUIRY
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2023

<u>ASSETS</u>	<u>WI</u>	<u>WI Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Current Assets:				
Cash and Cash Equivalents	\$ 587,527	\$ -	\$ -	\$ 587,527
Short-Term Investments	2,131,116	-	-	2,131,116
Accounts Receivable	20,716	-	-	20,716
Grants and Pledges Receivable	971,507	-	-	971,507
Prepaid Expense	144,646	-	-	144,646
Total Current Assets	3,855,512	-	-	3,855,512
Noncurrent Assets:				
Right of Use Asset	270,102	-	-	270,102
Property and Equipment - Net	610,014	-	-	610,014
Investments:				
Long-Term Investments (WI Foundation)	-	6,147,856	-	6,147,856
Endowment Fund	2,239,780	-	-	2,239,780
457b Deferred Compensation Market Value	482,529	-	-	482,529
TOTAL ASSETS	\$ 7,457,937	\$ 6,147,856	\$ -	\$ 13,605,793
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts Payable	\$ 55,685	\$ -	\$ -	\$ 55,685
Accrued Vacation and Salary	189,113	-	-	189,113
Deferred Revenue	219,900	-	-	219,900
Gift Certificates	73,316	-	-	73,316
Operating Lease Liability	79,287	-	-	79,287
Total Current Liabilities	617,301	-	-	617,301
Long-term Liabilities:				
Operating Lease Liability	200,149	-	-	200,149
457b Deferred Compensation	482,529	-	-	482,529
Total Liabilities	1,299,979	-	-	1,299,979
Net Assets:				
Without Donor Restrictions	4,388,932	6,147,856	-	10,536,788
With Donor Restrictions	1,769,026	-	-	1,769,026
Total Net Assets	6,157,958	6,147,856	-	12,305,814
TOTAL LIABILITIES AND NET ASSETS	\$ 7,457,937	\$ 6,147,856	\$ -	\$ 13,605,793

See Independent Auditor's Report.