

Wilderness Inquiry, Inc.
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
December 31, 2017 and 2016



CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1
EXHIBIT A: Statements of Financial Position – December 31, 2017 and 2016.....	2
EXHIBIT B: Statements of Activities and Changes in Net Assets – For the Years Ended December 31, 2017 and 2016.....	3
EXHIBIT C: Statement of Functional Expense – For the Year Ended December 31, 2017 with Comparative Totals for 2016.....	4
EXHIBIT D: Statement of Functional Expense – For the Year Ended December 31, 2016.....	5
EXHIBIT E: Statements of Cash Flows – For the Years Ended December 31, 2017 and 2016.....	6
NOTES TO FINANCIAL STATEMENTS	7-17



Carpenter, Evert & Associates

Certified Public Accountants
7760 France Avenue S. Suite 940 Bloomington Minnesota 55435
952.831.0085 carpenterevert.com

Independent Auditor's Report

Board of Directors
Wilderness Inquiry, Inc.
Minneapolis, Minnesota

We have audited the accompanying financial statements of Wilderness Inquiry Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, functional expense, 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.

Auditor's 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wilderness Inquiry, Inc. as of December 31, 2017 and 2016, 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.

Carpenter Evert and Associates, LTD.

Certified Public Accountants

Minneapolis, Minnesota
March 8, 2018

WILDERNESS INQUIRY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and Cash Equivalents	\$ 1,177,874	\$ 1,051,167
Accounts Receivable (Net of Allowance for Uncollectable Accounts of \$0 in 2017 and \$2,300 in 2016)	5,040	26,217
Grants and Pledges Receivable	513,087	156,208
Prepaid Expenses	159,067	158,137
Total Current Assets	1,855,068	1,391,729
Noncurrent Assets:		
Property and Equipment - Net	1,757,764	1,754,401
Investments:		
Endowment Fund Market Value	1,494,657	1,337,182
457b Deferred Compensation Market Value	267,638	191,187
TOTAL ASSETS	\$ 5,375,127	\$ 4,674,499
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 70,687	\$ 28,262
Accrued Vacation and Salary	88,594	77,388
Deferred Revenue	287,634	250,808
Notes Payable - Current	6,306	11,098
Gift Certificates	31,140	29,771
Security Deposit	25	25
Total Current Liabilities	484,386	397,352
Long-term Liabilities:		
457b Deferred Compensation	267,638	191,187
Notes Payable	-	6,364
Total Liabilities	752,024	594,903
Net Assets:		
Unrestricted	3,330,327	3,046,325
Temporarily Restricted	400,000	144,995
Permanently Restricted	892,776	888,276
Total Net Assets	4,623,103	4,079,596
TOTAL LIABILITIES AND NET ASSETS	\$ 5,375,127	\$ 4,674,499

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

WILDERNESS INQUIRY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:								
Contributions	\$ 1,106,857	\$ 512,000	\$ -	\$ 1,618,857	\$ 784,725	\$ 369,000	\$ -	\$ 1,153,725
Government Contract Fees	765,048	-	-	765,048	818,289	-	-	818,289
Program Service Fees	1,464,651	-	-	1,464,651	1,229,058	-	-	1,229,058
Endowment Payout	52,943	-	-	52,943	55,851	-	-	55,851
Miscellaneous Income	24,981	-	-	24,981	44,215	-	-	44,215
Special Events (Net Expenses of \$18,896 and \$11,920 in 2017 and 2016, respectively)	85,164	-	-	85,164	47,280	-	-	47,280
Net Assets Released from Restrictions:								
Satisfaction of Program and Time Restrictions	227,000	(227,000)	-	-	365,250	(365,250)	-	-
Satisfaction of Capital Restrictions	29,995	(29,995)	-	-	86,005	(86,005)	-	-
Total Support and Revenue	3,756,639	255,005	-	4,011,644	3,430,673	(82,255)	-	3,348,418
Expense:								
Program Services:								
Share the Adventure	1,367,649	-	-	1,367,649	1,284,075	-	-	1,284,075
Youth Engagement	1,275,083	-	-	1,275,083	1,250,077	-	-	1,250,077
Individuals & Families with Disabilities	346,928	-	-	346,928	259,233	-	-	259,233
Total Program Services	2,989,660	-	-	2,989,660	2,793,385	-	-	2,793,385
Support Services:								
Management and General	450,076	-	-	450,076	242,197	-	-	242,197
Fundraising	185,432	-	-	185,432	226,303	-	-	226,303
Total Support Services	635,508	-	-	635,508	468,500	-	-	468,500
Total Expense	3,625,168	-	-	3,625,168	3,261,885	-	-	3,261,885
Change in Net Assets - Operating	131,471	255,005	-	386,476	168,788	(82,255)	-	86,533
Change in Value of Endowment	196,348	-	-	196,348	79,227	-	-	79,227
Less: Endowment Payout for Operations	(52,943)	-	-	(52,943)	(55,851)	-	-	(55,851)
Net Change in Value of Endowment	143,405	-	-	143,405	23,376	-	-	23,376
Endowment Contributions	9,126	-	4,500	13,626	4,000	-	3,000	7,000
Change in Net Assets	284,002	255,005	4,500	543,507	196,164	(82,255)	3,000	116,909
Net Assets - Beginning of Year	3,046,325	144,995	888,276	4,079,596	2,850,161	227,250	885,276	3,962,687
Net Assets - End of Year	\$ 3,330,327	\$ 400,000	\$ 892,776	\$ 4,623,103	\$ 3,046,325	\$ 144,995	\$ 888,276	\$ 4,079,596

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

WILDERNESS INQUIRY, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR 2016

	2017						2016		
	Program Services			Support Services			Total Support Services	Total All Services	Total All Services
	Share the Adventure	Youth Engagement	Individuals & Families with Disabilities	Total Program Services	Management & General	Fund-raising			
Salaries	\$ 468,560	\$ 688,075	\$ 179,411	\$ 1,336,046	\$ 69,524	\$ 120,776	\$ 190,300	\$ 1,526,346	\$ 1,498,816
Payroll Taxes	34,601	50,812	13,249	98,662	5,134	7,365	12,499	111,161	112,321
Employee Benefits	52,828	77,577	20,228	150,633	7,839	11,245	19,084	169,717	115,442
Total Personnel Costs	555,989	816,464	212,888	1,585,341	82,497	139,386	221,883	1,807,224	1,726,579
Program Expense	484,449	151,776	66,111	702,336	5,643	150	5,793	708,129	641,226
Contract Services	107,670	90,712	16,795	215,177	169,709	12,900	182,609	397,786	247,426
Insurance	59,130	55,770	11,154	126,054	-	7,871	7,871	133,925	130,262
Facilities	47,029	37,713	7,278	92,020	17,723	242	17,965	109,985	92,988
Transportation	28,804	39,709	11,199	79,712	596	-	596	80,308	79,182
Miscellaneous	14,539	15,725	2,958	33,222	17,141	11,904	29,045	62,267	40,436
Supplies	2,555	2,611	502	5,668	36,892	4,151	41,043	46,711	27,059
Postage	6,314	6,866	6,345	19,525	22,263	4,851	27,114	46,639	27,868
Credit Card Fees	17,994	9,801	1,960	29,755	2,052	1,445	3,497	33,252	21,922
Printing and Copying	5,520	4,374	1,331	11,225	9,199	1,996	11,195	22,420	23,576
Travel and Entertainment	5,034	3,361	758	9,153	9,619	9	9,628	18,781	23,039
Telephone/Website	1,121	1,783	339	3,243	14,401	418	14,819	18,062	19,102
Outreach and Promotion	6,589	7,278	1,082	14,949	62	109	171	15,120	42,971
Depreciation	24,912	31,140	6,228	62,280	62,279	-	62,279	124,559	118,249
Total Expense	\$ 1,367,649	\$ 1,275,083	\$ 346,928	\$ 2,989,660	\$ 450,076	\$ 185,432	\$ 635,508	\$ 3,625,168	\$ 3,261,885

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

WILDERNESS INQUIRY, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services					Support Services				Total All Services
	Share the Adventure	Youth Engagement	Individuals & Families with Disabilities	Total Program Services	Management & General	Fund-raising	Total Support Services			
Salaries	\$ 464,680	\$ 653,534	\$ 137,612	\$ 1,255,826	\$ 86,476	\$ 156,514	\$ 242,990	\$ 1,498,816		
Payroll Taxes	40,548	50,685	10,137	101,370	3,370	7,581	10,951	112,321		
Employee Benefits	34,076	42,594	8,519	85,189	23,882	6,371	30,253	115,442		
Total Personnel Costs	539,304	746,813	156,268	1,442,385	113,728	170,466	284,194	1,726,579		
Program Expense	407,189	181,229	41,854	630,272	6,047	4,907	10,954	641,226		
Contract Services	106,386	86,308	16,147	208,841	26,110	12,475	38,585	247,426		
Insurance	57,512	54,245	10,849	122,606	-	7,656	7,656	130,262		
Facilities	30,956	37,796	7,559	76,311	12,006	4,671	16,677	92,988		
Transportation	40,108	30,463	6,033	76,604	1,475	1,103	2,578	79,182		
Miscellaneous	13,145	16,064	3,045	32,254	2,148	6,034	8,182	40,436		
Supplies	10,178	9,752	1,926	21,856	3,687	1,516	5,203	27,059		
Postage	9,419	8,951	1,721	20,091	255	7,522	7,777	27,868		
Credit Card Fees	11,863	6,461	1,292	19,616	1,353	953	2,306	21,922		
Printing and Copying	8,445	10,698	1,807	20,950	167	2,459	2,626	23,576		
Travel and Entertainment	5,806	6,151	876	12,833	9,214	992	10,206	23,039		
Telephone/Website	5,587	6,423	1,285	13,295	4,849	958	5,807	19,102		
Outreach and Promotion	14,527	19,162	2,658	36,347	2,033	4,591	6,624	42,971		
Depreciation	23,650	29,561	5,913	59,124	59,125	-	59,125	118,249		
Total Expense	\$ 1,284,075	\$ 1,250,077	\$ 259,233	\$ 2,793,385	\$ 242,197	\$ 226,303	\$ 468,500	\$ 3,261,885		

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

WILDERNESS INQUIRY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 543,507	\$ 116,909
Total Adjustments	<u>(321,539)</u>	<u>180,158</u>
Net Cash Provided by Operating Activities	221,968	297,067
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(127,922)	(109,739)
Proceeds from Maturity/Sale of Investments	52,943	65,871
Purchases of Investments	<u>(13,626)</u>	<u>(9,784)</u>
Net Cash (Used) by Investing Activities	(88,605)	(53,652)
Cash Flows from Financing Activities:		
Permanently Restricted Contributions	4,500	3,000
Principal Payments on Mortgages and Notes Payable	<u>(11,156)</u>	<u>(10,491)</u>
Net Cash (Used) by Financing Activities	<u>(6,656)</u>	<u>(7,491)</u>
Net Increase in Cash and Cash Equivalents	126,707	235,924
Cash and Cash Equivalents - Beginning of Year	<u>1,051,167</u>	<u>815,243</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,177,874</u>	<u>\$ 1,051,167</u>
 <u>Supplemental Disclosures of Cash Flow Information</u>		
Cash Paid for:		
Interest	<u>\$ 743</u>	<u>\$ 1,390</u>

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

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. Summary of Significant Accounting Policies

Organizational Purpose

Wilderness Inquiry's (WI) mission is to transform individuals and communities by connecting people to each other and the environment through shared outdoor experiences. WI's core value is inclusion, and we operate on a model that facilitates full participation by everyone, including people from different physical, cultural, or socio-economic backgrounds. Programs facilitate fundamental changes in perceptions and beliefs, breaking down barriers between people. During a WI experience, participants begin to realize that perceived differences, such as ability level, ethnicity, or economic status, are less significant than their common humanity.

Number of People Served: 37,127
Number of Service Days: 26,756
Number of Events: 576

Current WI programs include:

Share the Adventure (STA) – WI's oldest and original inclusive outdoor program providing integrated experiences for individuals regardless of ability, background or income. Inclusion is incorporated in the culture of all of WI's experiences creating authentic, inclusive and positive travel experiences for all participants. STA programs typically range from 3-12 days and include activities such as kayaking, canoeing, hiking and dogsledding. Over 2,000 people participated in the STA program in 2017, including 10% with disabilities.

Number of People Served: 2,671
Number of Service Days: 7,692
Number of Events: 141

Canoemobile – Canoemobile brings hands-on learning to underserved youth via the "floating classroom" of a 24-foot Voyageur canoe. Originating from a place-based learning initiative in the Twin Cities in 2008, Canoemobile has grown into a nationally-recognized outdoor program that connects youth to their local public lands and waterways, develops our next generation of environmental stewards, provides career pathways for our future leaders in the outdoor industry, and addresses one of the most pressing issues of our time--the academic achievement gap. Based on successful expansion throughout Greater Minnesota, Canoemobile now reaches more than 50 communities across the nation-- serving youth in Saint Cloud, Crookston, Rochester, Minneapolis, Saint Paul, San Francisco, Chicago, D.C., New York City, Philadelphia, Atlanta, and more. In 2017, Canoemobile earned the "Founder's Award" from the National Summer Learning Association, recognizing the program's effectiveness in accelerating academic achievement and promoting healthy development among low-income youth. More than 32,000 people were served in 2017 through Canoemobile, including more than 50% from MN and 70% from disadvantaged backgrounds.

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. Summary of Significant Accounting Policies (continued)

Number of People Served: 32,910
Number of Service Days: 16,582
Number of Events: 380

Individuals with Disabilities and Families – WI’s mission is based on inclusion - to give people from different physical, cultural and socio-economic backgrounds the opportunity to explore the great outdoors. WI has tailored two programs specifically for individuals and families with disabilities: Gateway to Adventure and Project FIT (Families Integrating Together).

Gateway to Adventure provides life-training skills to people with cognitive and developmental disabilities. Through outdoor recreational experiences, the participants gain social competence, independent living and vocational skills. WI served 482 individuals with cognitive disabilities through this program in 2017.

Project FIT (Families Integrating Together) makes outdoor adventure experiences possible for families who have a child or family member with a disability, who otherwise wouldn’t have access to outdoor experiences. WI deploys adaptive equipment and specially trained staff to assist families in achieving positive outdoors experiences. In 2017, WI served 1,064 individuals on 42 family adventures.

Number of People Served: 1,546
Number of Service Days: 2,482
Number of Events: 55

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

- 2017 4-star Charity Navigator (sixth year)
- 2016 Excellence in Service for Persons with Disabilities from City of Minneapolis
- 2016 “Educator of the Year” by Northwest Indiana Paddling Association
- 2014 Social Entrepreneur of the Year, St. John’s University/College of St. Benedict
- 2012 Paul K. Petzoldt Leadership Award from the Wilderness Education Association
- 2011 Inclusion Champion from Mitsubishi Electric America Foundation
- 2010 Nonprofit Excellence Award MAP for Nonprofits and MN Council of Nonprofits
- American Association on Mental Retardation (AAMR) Full Community Inclusion Award
- Minnesota State Council on Disability Distinguished Service Award (twice)

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. Summary of Significant Accounting Policies (continued)

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to WI, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restriction. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Equipment and leasehold improvements are reported as unrestricted net assets.

Temporarily Restricted Net Assets – The part of net assets of WI resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Permanently Restricted Net Assets – Net assets resulting from contributions with donor-imposed stipulations that neither expire with time nor may be fulfilled by actions of WI.

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, 2017 and 2016, investments were held at the Minnesota Community Foundation which may exercise variance powers with regards to annual income distributions.

Promises-To-Give (Grants and Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Doubtful Accounts

WI extends credit to its customers based on standardized terms. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and WI does not charge interest on accounts receivable balances. WI reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. WI provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. Accounts are stated net of the allowance for doubtful accounts of \$0 and \$2,300 at December 31, 2017 and 2016, respectively.

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.

Contributions

Contributions are recorded as support in the period received or pledged. If donor-imposed restrictions accompany the contribution, the amount is recorded as either temporarily restricted until the donor-imposed restrictions expire or are fulfilled or as permanently restricted. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled and are reported in the Statements of Activities under the Support and Revenue Category—Net Assets Released from Restrictions.

Government Fees and Grants

Government grants and contract funds are recorded as exchange contracts. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, WI will record such disallowance at the time the final assessment is made.

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.

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. Summary of Significant Accounting Policies (continued)

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). The returns for the years ending December 31, 2014 and later remain subject to examination by the Internal Revenue Service.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Deferred Revenue

WI held \$287,634 and \$250,808 of deferred revenue at the years ended December 31, 2017 and 2016, respectively. Deferred revenue consists of trip fees that are paid for trips that will not take place until the next calendar year. WI also had reservation commitments in excess of deferred revenue collected in the amount of \$250,361 and \$179,281 at December 31, 2017 and 2016, respectively, for trips that will take place 2018 and 2019.

Reclassifications

Certain amounts in prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

Subsequent Events

WI has evaluated the effect that subsequent events would have on the financial statements through March 8, 2018, which is the date financial statements were available to be issued.

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, WI held funds in a financial institution in excess of federally insured limits.

3. Investments

Investments were comprised of the following at:

	December 31,	
	2017	2016
	Market	Market
Endowment Fund held at Minnesota Community Foundation	\$ 1,494,657	\$ 1,337,182
Fidelity Mutual Funds	267,638	191,187
	\$ 1,762,295	\$ 1,528,369

Investment income included the following as of:

	December 31,	
	2017	2016
Unrealized Gain	\$ 191,116	\$ 76,443
Investment Expenses and Admin Fees	(16,712)	-
Interest and Dividends	21,944	2,784
	\$ 196,348	\$ 79,227

4. Fair Value

WI adopted Financial Accounting Standards Board Statement of Financial Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures (ASC 820). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed as follows:

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

4. Fair Value (continued)

- 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, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment Fund	\$ -	\$ 1,494,657	\$ -	\$ 1,494,657
Mutual Funds:				
Balanced Funds	<u>267,638</u>	<u>-</u>	<u>-</u>	<u>267,638</u>
	<u>\$ 267,638</u>	<u>\$ 1,494,657</u>	<u>\$ -</u>	<u>\$ 1,762,295</u>

December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment Fund	\$ -	\$ 1,337,182	\$ -	\$ 1,337,182
Mutual Funds:				
Balanced Funds	<u>191,187</u>	<u>-</u>	<u>-</u>	<u>191,187</u>
	<u>\$ 191,187</u>	<u>\$ 1,337,182</u>	<u>\$ -</u>	<u>\$ 1,528,369</u>

5. Property and Equipment

WI owned the following assets as of:

	<u>December 31,</u>		<u>Estimated</u>
	<u>2017</u>	<u>2016</u>	<u>Useful Lives</u>
Land	\$ 586,605	\$ 586,605	
Buildings	644,591	644,591	30-40 years
Office Equipment	125,616	125,616	3-5 years
Program Equipment	462,140	420,839	3-5 years
Building Improvements	1,322,726	1,304,465	5-30 years
Vehicles	<u>317,805</u>	<u>249,444</u>	5 years
	3,459,483	3,331,560	
Less Accumulated Depreciation	<u>1,701,719</u>	<u>1,577,159</u>	
	<u>\$ 1,757,764</u>	<u>\$ 1,754,401</u>	

Depreciation expense of \$124,559 and \$118,249 was recorded for the years ended December 31, 2017 and 2016, respectively.

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

6. Grants and Pledges Receivable

The outstanding balance of grants and pledges receivable was \$513,087 and \$156,208 for the years ended December 31, 2017 and 2016, respectively. The entire balance was considered current for both years ended December 31, 2017 and 2016.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of amounts for the following as of:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Outdoor Career Academy	\$ 340,000	\$ -
Canoemobile	50,000	-
Scholarships	10,000	-
Youth Employment Initiative	-	65,000
Project Wild	-	50,000
General Operations	-	15,000
Canoe and Kayak Purchases	-	14,995
	<u>\$ 400,000</u>	<u>\$ 144,995</u>

8. Notes Payable

The breakdown of notes payable was as follows:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
5.9% note payable to Ford Motor Credit Company. Payable in monthly installments of \$484, including interest with the final payment due July 2018. Secured by vehicle.	\$ 2,837	\$ 8,319
5.9% note payable to Ford Motor Credit Company. Payable in monthly installments of \$506, including interest with the final payment due August 2018. Secured by vehicle.	<u>3,469</u>	<u>9,143</u>
	6,306	17,462
Less Portion Due Within One (1) Year	<u>6,306</u>	<u>11,098</u>
Long-term Portion	<u>\$ -</u>	<u>\$ 6,364</u>

Principal payments required are as follows:

<u>Due in the Year Ending December 31,</u> 2018	<u>\$ 6,306</u>
--	-----------------

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

9. Endowment Funds

Endowment funds consist of six 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 permanently restricted net assets (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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, WI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of WI and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the WI
7. The investment policies of WI

Endowment net asset composition by type of fund:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
December 31, 2016	<u>\$ 448,906</u>	<u>\$ 888,276</u>	<u>\$ -</u>	<u>\$ 1,337,182</u>
December 31, 2017	<u>\$ 601,881</u>	<u>\$ 892,776</u>	<u>\$ -</u>	<u>\$ 1,494,657</u>

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

9. Endowment Funds (continued)

Changes in endowment net assets:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
December 31, 2015	\$ 421,530	\$ 885,276	\$ -	\$ 1,306,806
Total Investment Return	79,227	-	-	79,227
Contributions	4,000	3,000	-	7,000
Appropriation of Endowment Assets for Expenditure	<u>(55,851)</u>	<u>-</u>	<u>-</u>	<u>(55,851)</u>
December 31, 2016	448,906	888,276	-	1,337,182
Total Investment Return	196,792	-	-	196,792
Contributions	9,126	4,500	-	13,626
Appropriation of Endowment Assets for Expenditure	<u>(52,943)</u>	<u>-</u>	<u>-</u>	<u>(52,943)</u>
December 31, 2017	<u>\$ 601,881</u>	<u>\$ 892,776</u>	<u>\$ -</u>	<u>\$ 1,494,657</u>

10. Defined Contribution Pension Plan

WI has a defined contribution pension plan covering all eligible employees. WI contributes an amount approved by the Board of Directors each year. Contributions were \$26,459 and \$18,383 for the years ended December 31, 2017 and 2016, respectively.

11. 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 \$24,000 for an eligible employee for the years ended December 31, 2017 and 2016.

WILDERNESS INQUIRY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

12. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities are as follows:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Depreciation	\$ 124,559	\$ 118,249
Permanently Restricted Contributions	(4,500)	(3,000)
Unrealized (Gain) on Investments	(191,116)	(76,443)
Realized (Gain) on Sale of Investments	(5,676)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	42,425	(924)
Accrued Vacation and Salary	11,206	2,812
Security Deposit	-	(1,800)
Deferred Revenue	36,826	67,838
Gift Certificates	1,369	(11,069)
Decrease (Increase) in Assets:		
Accounts Receivable	21,177	34,427
Grants and Pledges Receivable	(356,879)	131,621
Prepaid Expenses	(930)	(81,553)
Total Adjustments	<u>\$ (321,539)</u>	<u>\$ 180,158</u>