

Financial statements of:

THOMAS IRVINE DODGE NATURE CENTER

Years ended
August 31, 2020 and 2019

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Suite 1600
100 Washington Avenue South
Minneapolis, MN 55401-2192

P 612.332.5500 F 612.332.1529
www.sdkcpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Thomas Irvine Dodge Nature Center
West St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Thomas Irvine Dodge Nature Center which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Thomas Irvine Dodge Nature Center as of August 31, 2020 and 2019, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on September 1, 2019, the Organization adopted new accounting guidance, ASC 606 – Revenue from Contracts with Customers. The Organization also adopted the Financial Accounting Standards Board’s Accounting Standards (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The requirements of the new accounting standards have been applied using the modified prospective method to all periods presented. The adoption of the guidance has not impacted the timing or amount of revenue recognized. Our opinion is not modified with respect to this matter.

*Schechter Dokken Kanter
Andrews & Silver Ltd.*

February 18, 2021

	ASSETS	
	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 518,257	\$ 86,164
Operating investments	1,095,168	1,114,916
Contributions receivable	884	43,959
Prepaid expenses and other current assets	14,473	36,115
Total current assets	<u>1,628,782</u>	<u>1,281,154</u>
Property and equipment, net	8,920,729	8,774,399
Board designated investments	381,353	330,742
Endowment investments	17,358,560	11,389,831
Total noncurrent assets	<u>26,660,642</u>	<u>20,494,972</u>
Total assets	<u>\$ 28,289,424</u>	<u>\$ 21,776,126</u>

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
Current liabilities:		
Accounts payable	\$ 55,852	\$ 106,042
Accrued expenses	61,383	113,198
Deferred revenue	<u>127,955</u>	<u>164,746</u>
Total current liabilities	<u>245,190</u>	<u>383,986</u>
Net assets:		
Without donor restrictions:		
Undesignated	385,836	298,413
Designated by the Board for specific purpose	381,353	330,742
Designated by the Board for endowment	3,873,262	3,657,167
Invested in property and equipment	<u>4,620,927</u>	<u>4,474,597</u>
Total without donor restrictions	<u>9,261,378</u>	<u>8,760,919</u>
With donor restrictions:		
Perpetual in nature	13,485,298	7,732,664
Purpose restrictions	997,756	598,755
Restricted land	<u>4,299,802</u>	<u>4,299,802</u>
Total with donor restrictions	<u>18,782,856</u>	<u>12,631,221</u>
Total net assets	<u>28,044,234</u>	<u>21,392,140</u>
Total liabilities and net assets	<u><u>\$ 28,289,424</u></u>	<u><u>\$ 21,776,126</u></u>

See notes to financial statements.

THOMAS IRVINE DODGE NATURE CENTER

 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues, support and gains:						
Program service fees	\$ 216,440		\$ 216,440	\$ 446,237		\$ 446,237
Contributions	595,258	6,179,559	6,774,817	560,685	\$ 632,830	1,193,515
Paycheck Protection Program income	338,600		338,600			
Preschool tuition	632,922	-	632,922	816,523	-	816,523
Net investment return	414,850	746,535	1,161,385	43,875	283,425	327,300
Other revenue	19,871		19,871	31,791		31,791
In-kind contributions	6,273		6,273	71,982		71,982
Special events, net of direct expense of \$42,298 and \$43,837 in 2020 and 2019, respectively	174,419		174,419	177,637		177,637
Rental revenue:	45,293		45,293	75,374		75,374
Released from restriction pursuant to endowment spending rate distribution formula	283,521	(283,521)	-	277,980	(277,980)	-
Released from restrictions and transfers	490,938	(490,938)	-	600,539	(600,539)	-
Total revenue, support and gains	3,218,385	6,151,635	9,370,020	3,102,623	37,736	3,140,359
Expenses:						
Nature and environmental education	2,124,887	-	2,124,887	2,076,194	-	2,076,194
Management and general	286,643	-	286,643	327,923	-	327,923
Fundraising and development	306,396	-	306,396	316,869	-	316,869
	2,717,926	-	2,717,926	2,720,986	-	2,720,986
Change in net assets	500,459	6,151,635	6,652,094	381,637	37,736	419,373
Net assets, beginning of year	8,760,919	12,631,221	21,392,140	8,379,282	12,593,485	20,972,767
Net assets, end of year	\$ 9,261,378	\$ 18,782,856	\$ 28,044,234	\$ 8,760,919	\$ 12,631,221	\$ 21,392,140

See notes to financial statements.

THOMAS IRVINE DODGE NATURE CENTER

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2020

	2020					2019				
	Nature and Environmental Education	Supporting Services			Total	Nature and Environmental Education	Supporting Services			Total
		Management and general	Fundraising and development	Total supporting services			Management and general	Fundraising and development	Total supporting services	
Salaries	\$ 1,119,498	\$ 172,296	\$ 144,761	\$ 317,057	\$ 1,436,555	\$ 1,073,672	\$ 218,502	\$ 120,363	\$ 338,865	\$ 1,412,537
Payroll taxes	82,952	13,181	11,074	24,255	107,207	83,000	12,668	6,094	18,762	101,762
Employee benefits	87,881	14,836	9,608	24,444	112,325	103,532	7,777	8,788	16,565	120,097
	1,290,331	200,313	165,443	365,756	1,656,087	1,260,204	238,947	135,245	374,192	1,634,396
Program supplies expenses	50,182	-	-	-	50,182	77,316	-	-	-	77,316
Professional fees	102,659	42,582	24,116	66,698	169,357	54,550	30,878	34,028	64,906	119,456
Repairs and maintenance	124,143	77	-	77	124,220	126,790	7,875	8,769	16,644	143,434
Miscellaneous	5,495	905	65	970	6,465	10,840	4,613	102	4,715	15,555
Dues and subscriptions	2,956	922	189	1,111	4,067	1,811	1,445	2,365	3,810	5,621
Insurance	44,762	1,790	448	2,238	47,000	36,685	1,467	367	1,834	38,519
Life insurance premium	-	-	94,170	94,170	94,170	-	-	110,520	110,520	110,520
Office expense	15,458	13,504	11,146	24,650	40,108	11,915	14,557	12,015	26,572	38,487
Conferences	725	2,325	426	2,751	3,476	1,232	3,334	458	3,792	5,024
Travel	8,550	151	156	307	8,857	3,122	98	232	330	3,452
Supplies	30,646	2,083	772	2,855	33,501	58,743	2,508	657	3,165	61,908
Advertising	1,638	207	1,842	2,049	3,687	1,522	380	5,269	5,649	7,171
Pension and retirement plans	31,836	6,134	3,710	9,844	41,680	38,054	7,728	3,319	11,047	49,101
Utilities	51,550	2,062	516	2,578	54,128	59,098	2,364	591	2,955	62,053
Real estate taxes	1,406	56	14	70	1,476	30,919	1,237	309	1,546	32,465
Scholarship awards	41,159	-	-	-	41,159	41,105	-	-	-	41,105
Depreciation	321,391	13,532	3,383	16,915	338,306	262,288	10,492	2,623	13,115	275,403
Special event direct expenses			42,298	42,298	42,298			43,837	43,837	43,837
	2,124,887	286,643	348,694	635,337	2,760,224	2,076,194	327,923	360,706	688,629	2,764,823
Less cost of direct benefits to donors	-	-	(42,298)	(42,298)	(42,298)	-	-	(43,837)	(43,837)	(43,837)
	\$ 2,124,887	\$ 286,643	\$ 306,396	\$ 593,039	\$ 2,717,926	\$ 2,076,194	\$ 327,923	\$ 316,869	\$ 644,792	\$ 2,720,986
	78.2%	10.5%	11.3%	21.8%	100.0%	76.3%	12.1%	11.6%	23.7%	100.0%

See notes to financial statements.

THOMAS IRVINE DODGE NATURE CENTERSTATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,652,094	\$ 419,373
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	338,306	275,403
Donated securities	(133,689)	(256,145)
Contributions restricted to endowment	(5,289,620)	
Changes in operating assets and liabilities:		
Contributions receivable	43,075	(28,683)
Prepaid expenses and other assets	21,642	(3,449)
Accounts payable	(50,190)	89,048
Accrued expenses	(51,815)	(6,865)
Deferred revenue	(36,791)	18,618
CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,493,012</u>	<u>507,300</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
Property and equipment	(484,636)	(658,673)
Investments	(64,898)	-
Net investment income reinvested	(1,161,385)	(327,300)
Sale of investments	650,000	450,000
CASH USED FOR INVESTING ACTIVITIES	<u>(1,060,919)</u>	<u>(535,973)</u>
NET INCREASE (DECREASE) IN CASH	432,093	(28,673)
CASH AT BEGINNING OF YEAR	<u>86,164</u>	<u>114,837</u>
CASH AT END OF YEAR	<u>\$ 518,257</u>	<u>\$ 86,164</u>

1. Nature of business and significant accounting policies:

Organization:

Thomas Irvine Dodge Nature Center (the Organization) was founded in 1967 by Olivia Irvine Dodge. The Organization resides on 462 acres in West St Paul, Cottage Grove and Mendota Heights, Minnesota. The Organization is incorporated under the Minnesota Nonprofit Corporation Act. The mission of the Organization is to provide exceptional experiences in nature through environmental education.

Cash and cash equivalents:

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment or other long-term purposes of the Organization are excluded from this definition.

Contributions receivable:

Grants and unconditional contributions receivable expected to be collected within one year are recorded at net realizable value. Grants and unconditional contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. No allowance has been provided for, since management believes all grants and contributions receivable are expected to be collected.

Contributions:

Unconditional contributions are recorded when promised as support without or with donor restrictions, depending on the existence and/or nature of any restrictions. A conditional contribution is a promise to give that depends on the occurrence of a specified future and uncertain event. A conditional contribution is recorded as revenue and/or receivable when the conditions on which they depend are substantially met or explicitly waived by the donor, that is, when the conditional contribution becomes unconditional.

All contributions are considered to be available for without donor restrictions use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

1. Nature of business and significant accounting policies (continued):

Tuition Revenue:

Revenue from contracts with students for tuition is reported at the amount that reflects the consideration to which the preschool expects to be entitled in exchange for providing instruction. These amounts are due from parents and others, and includes variable consideration.

Revenue is recognized as performance obligations are satisfied, which is ratably over the year. Generally, the preschool bills students monthly.

Tuition payments received in advance are recorded as deferred income.

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Change in accounting principle:

On July 1, 2019, the Organization adopted new accounting guidance, ASC 606 – Revenue from Contracts with Customers. The Organization also adopted the Financial Accounting Standards Board’s Accounting Standards (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides guidance on distinguishing between contributions and exchange transactions and clarifies whether contributions are conditional. The requirements of the new accounting standards have been applied on a modified prospective basis. The adoption of the guidance has not impacted the timing or amount of revenue recognized.

Property and equipment:

Property and equipment additions over \$2,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended August 31, 2020 and 2019.

1. Nature of business and significant accounting policies (continued):

Investments:

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Basis of presentation or financial statements presentation:

Net assets and revenues, expenses, gains and losses are classified based on existence or absences of donor-imposed restrictions. Net assets and changes therein are classified into the following categories:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donated services and in-kind contributions:

Volunteers contribute significant amounts of time to the Organization's program services, administration and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Volunteers contributed approximately 5,007 and 7,625 hours of service during the years ended August 31, 2020 and 2019, respectively. Contributed goods and property are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

Advertising expenses:

Advertising costs are expensed as incurred, and were \$3,687 and \$7,171 during the years ended August 31, 2020 and 2019, respectively.

1. Nature of business and significant accounting policies (continued):

Functional allocation of expenses:

The cost of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses are classified generally as follows: Salaries and benefits, insurance and information technology are classified based on estimates of time spent. Professional fees and marketing are classified based on a review of charges. Occupancy is classified based estimated use of space. Depreciation and amortization expenses are classified based on use of assets. Other expenses are classified based on a combination of time spent and review of charges.

Income taxes:

Thomas Irvine Dodge Nature Center is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been determined not to be a private foundation under Section 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purpose.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

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 and those differences could be material.

Financial instruments and credit risk:

The Organization manages deposit concentration risk by placing cash, money market accounts and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable, grants receivable and contributions receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors with no history of not following through on their commitment. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

1. Nature of business and significant accounting policies (continued):

COVID-19 Pandemic:

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. The Organization continued to provide services to its community during this time. The Organization kept the grounds open for visitors the entire year, and delayed programing and pre-school classes until appropriate health and safety measures could be implemented.

On April 30, 2020, the Organization received a Paycheck Protection Program loan from the Small Business Administration for \$338,600. Eligible expenses under the program exceeded the amount of the loan, in the year ended August 31, 2020. Based on the tracking of eligible expenses and letter of forgiveness from the Small Business Administration, the loan is forgiven.

Subsequent events:

The Organization has evaluated subsequent events through February 18, 2021, the date that the financial statements were to be issued.

2. Liquidity:

The following represents the Organization's financial assets at August 31:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 518,257	\$ 86,164
Contributions and accounts receivable, net	884	43,959
Investments	<u>18,835,081</u>	<u>12,835,489</u>
Total financial assets	<u>19,354,222</u>	<u>12,965,612</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions (net of restricted land)	14,483,054	8,331,419
Less net assets with purpose restrictions to be met in less than a year	(997,756)	(598,755)
Designated net assets by the board	<u>4,254,615</u>	<u>3,987,909</u>
	<u>17,739,913</u>	<u>11,720,573</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,614,309</u>	<u>\$ 1,245,039</u>

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments are restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditures.

2. Liquidity (continued):

The board-designated endowment and donor-restricted endowment available for general use is subject to an annual spending rate of 5% as described in Note 6. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditures as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of its liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Monthly financial statements containing budget versus actual results are reviewed.

3. Fair value measurements and disclosures:

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgement, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset or liability.

3. Fair value measurements and disclosures (continued): _____

A significant portion of the Organization’s investment assets are classified within Level 1 because they are comprised of equities and mutual funds with readily determinable fair values based.

The estimated fair value of alternative investments, that is, hedge funds, or other private investment fund structures, is based on the practical expedient of the net asset values provided by the respective external investment fund managers, adjusted for cash flows through August 31. The Organization also takes into consideration discussions with fund investment managers and audited financial information to determine overall reasonableness of the recorded value. Because of the inherent uncertainty of valuations, values measured using net asset values may differ from the values that would have been used had a ready market existed. Investments measured using net asset values are not assigned to a level in the fair value hierarchy.

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurrent basis as of August 31:

	2020			Total
	Level 1	Level 2	Level 3	
Cash and money market funds, at cost	\$ 1,678,978			\$ 1,678,978
Equities and mutual funds	10,828,217			10,828,217
Fixed income securities	<u>4,578,532</u>			<u>4,578,532</u>
	<u>\$ 17,085,727</u>	<u>\$ 0</u>	<u>\$ 0</u>	17,085,727
Investments measured at net asset value, alternative investments, hedge funds				<u>1,749,354</u>
				<u>\$ 18,835,081</u>
	2019			
	Level 1	Level 2	Level 3	Total
Cash and money market funds, at cost	\$ 584,919			\$ 584,919
Equities and mutual funds	7,276,073			7,276,073
Fixed income securities	<u>3,690,091</u>			<u>3,690,091</u>
	<u>\$ 11,551,083</u>	<u>\$ 0</u>	<u>\$ 0</u>	11,551,083
Investments measured at net asset value, alternative investments, hedge funds				<u>1,284,406</u>
				<u>\$ 12,835,489</u>

THOMAS IRVINE DODGE NATURE CENTERNOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

4. Net investment return:

Net investment return consists of the following for the years ended August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 384,154	\$ 341,209
Net realized and unrealized gain	850,369	51,282
Less investment management and custodial fees	<u>(73,138)</u>	<u>(65,192)</u>
	<u>\$ 1,161,385</u>	<u>\$ 327,299</u>

5. Property and equipment:

Property and equipment consists of the following at August 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 5,640,296	\$ 5,640,296
Land improvements	1,263,803	1,267,167
Buildings improvements	5,530,984	4,977,715
Equipment	1,107,062	1,082,036
Construction in progress	<u>0</u>	<u>90,296</u>
	13,542,145	13,057,510
Less accumulated depreciation	<u>4,621,416</u>	<u>4,283,111</u>
	<u>\$ 8,920,729</u>	<u>\$ 8,774,399</u>

6. Endowments:

The Organization’s endowment consists of multiple individual funds established by donors to provide annual funding for specific activities and general operations. The endowment also includes net assets without donor restrictions designated for endowment by the Board of Directors. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization’s 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, unless there are explicit donor stipulations to the contrary. At August 31, 2020 and 2019, there were no such donor stipulations. As a result of this interpretation, the Organization classifies as donor restricted net assets held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment (including promises to give net of discount) and allowance for doubtful accounts and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The accumulated earnings on the donor-restricted endowment is classified as donor-restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

As of August 31, 2020 and 2019, the Organization had the following endowment net asset composition by type of fund:

	2020			
	Without donor restrictions -designated	With donor restrictions -accumulated	With donor restrictions -original gift	Total
Donor-restricted endowment funds		\$ 2,478,673	\$ 11,006,625	\$ 13,485,298
Board-designated endowment funds	\$ 3,873,262			3,873,262
	<u>\$ 3,873,262</u>	<u>\$ 2,478,673</u>	<u>\$ 11,006,625</u>	<u>\$ 17,358,560</u>

6. Endowments (continued):

	2019			Total
	Without donor restrictions -designated	With donor restrictions -accumulated	With donor restrictions -original gift	
Donor-restricted endowment funds		\$ 2,076,264	\$ 5,656,400	\$ 7,732,664
Board-designated endowment funds	<u>\$ 3,657,167</u>			<u>3,657,167</u>
	<u>\$ 3,657,167</u>	<u>\$ 2,076,264</u>	<u>\$ 5,656,400</u>	<u>\$ 11,389,831</u>

Investment and spending policies:

The Organization has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy and to cover the costs of managing the endowment investment. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

A significant portion of the funds are invested to seek growth of principal over time. The Organization uses an endowment spending-rate formula to determine the maximum amount to spend from the endowment each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the endowment investments for the prior 12 quarters at August 31 of each year to determine the spending amount for the upcoming year. During 2020 and 2019, the spending rate maximum was 5%. In establishing this policy, the Organization considered the long-term expected return on the endowment, and the set rate with the objective of maintaining the purchasing power of the endowment over time.

6. Endowments (continued):

Changes in endowment net assets for the years ended August 31, 2020 and 2019 are as follows:

	2020			Total
	Without donor restrictions designated	With donor restrictions -accumulated	With donor restrictions -original gift	
Endowment net assets, beginning	<u>\$ 3,657,167</u>	<u>\$ 2,076,264</u>	<u>\$ 5,656,400</u>	<u>\$ 11,389,831</u>
Investment return:				
Investment income	167,797	282,186	49,826	499,809
Net realized and unrealized gain (loss), net of fees	<u>210,623</u>	<u>353,744</u>	<u>60,779</u>	<u>625,146</u>
	<u>378,420</u>	<u>635,930</u>	<u>110,605</u>	<u>1,124,955</u>
Contributions			<u>5,289,620</u>	<u>5,289,620</u>
Distributions:				
Appropriation of endowment assets pursuant of spending rate policy		(233,521)	(50,000)	(283,521)
Transfer to remove board-designated endowment funds	<u>(162,325)</u>			<u>(162,325)</u>
	<u>(162,325)</u>	<u>(233,521)</u>	<u>(50,000)</u>	<u>(445,846)</u>
	<u>\$ 3,873,262</u>	<u>\$ 2,478,673</u>	<u>\$ 11,006,625</u>	<u>\$ 17,358,560</u>

6. Endowments (continued):

	2019			Total
	Without donor restrictions designated	With donor restrictions -accumulated	With donor restrictions -original gift	
Endowment net assets, beginning	\$ 3,749,317	\$ 2,184,498	\$ 5,577,185	\$ 11,511,000
Investment return:				
Investment income	97,999	160,634	49,455	308,088
Net realized and unrealized gain (loss), net of fees	<u>(24,945)</u>	<u>(40,888)</u>	<u>78,929</u>	<u>13,096</u>
	<u>73,054</u>	<u>119,746</u>	<u>128,384</u>	<u>321,184</u>
Contributions			<u>831</u>	<u>831</u>
Distributions:				
Appropriation of endowment assets pursuant of spending rate policy		(227,980)	(50,000)	(277,980)
Transfer to remove board-designated endowment funds	<u>(165,204)</u>			<u>(165,204)</u>
	<u>(165,204)</u>	<u>(227,980)</u>	<u>(50,000)</u>	<u>(443,184)</u>
	<u>\$ 3,657,167</u>	<u>\$ 2,076,264</u>	<u>\$ 5,656,400</u>	<u>\$ 11,389,831</u>

THOMAS IRVINE DODGE NATURE CENTERNOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 and 2019

7. Net assets, with donor restrictions: _____

Net assets with donor restrictions at August 31, 2020 and 2019 consist of:

	<u>2020</u>	<u>2019</u>
Restricted by donors for:		
Property improvements	\$ 140,445	\$ 513,418
Nature and environmental education activities	15,888	5,888
Scholarships	35,580	34,583
General operating for future periods	35,603	7,207
Repairs and maintenance	728	14,248
Shepard Farms programs	19,512	23,411
Capital improvements	<u>750,000</u>	
	<u>997,756</u>	<u>598,755</u>
Restricted by donors to be invested in perpetuity and the accumulated earnings on those gifts:		
General operating	3,295,034	3,111,803
Farm endowment	1,458,029	1,363,631
Peterson Naturalist position	1,606,175	1,545,570
Volunteer	669,072	1,103,492
Pre-School scholarship endowment	1,167,868	608,168
Capital campaign	<u>5,289,120</u>	
	<u>13,485,298</u>	<u>7,732,664</u>
Restricted land	<u>4,299,802</u>	<u>4,299,802</u>
	<u>17,785,100</u>	<u>12,032,466</u>
Total net assets with donor restrictions	<u>\$ 18,782,856</u>	<u>\$ 12,631,221</u>

7. Net assets, with donor restrictions (continued): _____

Net assets were released from restrictions as follows during the years ended August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Satisfaction of time and purpose restrictions:		
Property improvements	\$ 465,213	\$ 518,501
Pre-School continuing education	0	736
Scholarships	6,703	14,338
General operating	1,604	5,121
Repairs and maintenance	13,520	55,254
Shepard Farms	<u>3,898</u>	<u>6,589</u>
	<u>\$ 490,938</u>	<u>\$ 600,539</u>
Restricted-purpose spending-rate distributions and appropriations:		
General operating	\$ 97,704	\$ 127,980
Farm endowment	45,833	50,000
Dixie Slope	29,544	
Ford	10,440	
Peterson Naturalist position	50,000	50,000
Volunteer	<u>50,000</u>	<u>50,000</u>
	<u>\$ 283,521</u>	<u>\$ 277,980</u>

8. Donated professional services and materials: _____

The Organization received donated professional services and materials as follows during the years ended August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Event expense	\$ 1,803	\$ 1,738
Supplies	1,870	16,434
Capital assets	<u>2,600</u>	<u>53,810</u>
	<u>\$ 6,273</u>	<u>\$ 71,982</u>

9. Employee benefits:

The Organization has a 403(b) defined contribution retirement plan covering all regular employees. The contributions to the plan are discretionary based upon Board approval each year. The Organization contributed up to 5% and 5% of an employee's compensation during the years ending August 31, 2020 and 2019, respectively. Expense charged to operations for the years ended August 31, 2020 and 2019 amounted to \$41,680 and \$49,101, respectively.

10. Cash surrender value on life insurance:

The Organization is the owner and beneficiary of a whole life insurance policy with a death benefit of \$2,000,000. The policy was donated to the Organization in August of 2019. The premium of \$94,170 and \$110,520 was donated for the year ended August 31, 2020 and 2019, respectively by the insured who is also a board member. There was no cash surrender value at August 31, 2020 and 2019.

Thomas Irvine Dodge Nature Center

Report to the Board of Directors

**Year ended
August 31, 2020**



Suite 1600
100 Washington Avenue South
Minneapolis, MN 55401-2192

P 612.332.5500 F 612.332.1529
www.sdkcpa.com

February 18, 2021

Board of Directors
Thomas Irvine Dodge Nature Center
West Saint Paul, MN 55118

Ladies and Gentlemen:

We are pleased to present this report related to our audit of the financial statements of Thomas Irvine Dodge Nature Center (the Organization) as of and for the year ended August 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Organization's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Organization.

Sincerely,

*Schechter Dokken Kanter
Andrews & Selzer Ltd.*

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor’s Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our engagement letter dated September 11, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices</p> <p>Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies</p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Center. On September 1, 2019, the Organization adopted new accounting guidance, ASC 606 – Revenue from Contracts with Customers. The requirements of the ASC have been applied retrospectively to all periods presented. The Organization also adopted the Financial Accounting Standards Board’s Accounting Standards (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The requirements of the ASU have been applied retrospectively to all periods presented.</p>

Area	Comments
Accounting Policies and Practices (continued)	<p data-bbox="716 247 1435 275">Adoption of, or Change in, Accounting Policies (continued)</p> <p data-bbox="716 302 1435 470">The Organization received a Paycheck Protection Program loan during the accounting fiscal year and opted to account for it under conditional grant model accounting guidance. All of the conditions were met as of August 31, 2020 and the amount received was recognized as income.</p>
	<p data-bbox="716 512 1435 539">Significant or Unusual Transactions</p> <p data-bbox="716 564 1435 695">We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>
	<p data-bbox="716 722 1435 749">Management’s Judgments and Accounting Estimates</p> <p data-bbox="716 774 1435 835">We did not identify any particularly sensitive accounting estimates used during the current period.</p>
Audit Adjustments	<p data-bbox="716 856 1435 919">There were no audit adjustments made to the original trial balance presented to us to begin our audit.</p>
Uncorrected Misstatements	<p data-bbox="716 961 1435 1024">We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p>
Disagreements With Management	<p data-bbox="716 1066 1435 1234">We encountered no disagreements with management over the application of significant accounting principles, the basis for management’s judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.</p>
Consultations With Other Accountants	<p data-bbox="716 1276 1435 1369">We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p>
Significant Issues Discussed With Management	<p data-bbox="716 1411 1435 1474">No significant issues arising from the audit were discussed with or the subject of correspondence with management.</p>
Significant Difficulties Encountered in Performing the Audit	<p data-bbox="716 1528 1435 1591">We did not encounter any significant difficulties in dealing with management during the audit.</p>
Significant Written Communications Between Management and Our Firm	<p data-bbox="716 1646 1435 1782">Copies of significant written communications between our firm and the management of the Organization, including the representation letter provided to us by management, are attached as Exhibit A.</p>

Exhibit A – Significant Written Communications Between Management and Our Firm

February 18, 2021

To Management and Board of Directors
Thomas Irvine Dodge Nature Center
West St. Paul, MN 55118

In planning and performing our audit of the financial statements of Dodge Nature Center (the Organization) as of and for the year ended August 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This letter is intended solely for the information and use of management, the Board of Directors, others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties. We appreciate serving Dodge Nature Center and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

Sincerely,

*Schechter Dokken Kanter
Andrews & Selzer Ltd.*

CONTROL DEFICIENCY

Reconciliation of Revenue

We noted that the development tracking software is not being reviewed and reconciled with the accounting software. We recommend the Organization implement a reconciliation process of the two systems on a minimum of a quarterly basis. The addition of this control will strengthen the accuracy of the Organization tracking of donor gifts and related restrictions.

EMERGING STANDARDS

Leases

In February 2016, FASB issued a new lease accounting standard intended to provide more transparency about lessees' responsibilities related to leases. The new standard will be effective for the Organization for the year ending August 31, 2023. Under the new guidance, lessees will be required to recognize assets and liabilities created by leases with terms of more than 12 months. The Organization should inventory the leases affected by this standard.



Suite 1600
100 Washington Avenue South
Minneapolis, MN 55401-2192
P 612.332.5500 F 612.332.1529
www.sdkcpa.com

ACCEPTANCE COPY

September 11, 2020

Board of Directors
Dodge Nature Center
365 Marie Avenue West
West Saint Paul, MN 55118

Ladies and Gentlemen:

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the financial statements of Dodge Nature Center (the Organization), which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, changes in net assets, functional expenses and cash flows for the year then ending, and the related notes to the financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

In making our risk assessments, we consider internal control relevant to the Organization'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 Organization's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

Service ■ Dedication ■ Knowledge

We will also communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
3. 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; and
4. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Organization complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, regulators, or others.

The Board of Directors is responsible for informing us of its views about the risks of fraud within the Organization, and its knowledge of any fraud or suspected fraud affecting the Organization.

Because Schechter Dokken Kanter Andrews & Selcer, Ltd. (SDK) will rely on the Organization and its management and Board of Directors to discharge the foregoing responsibilities, the Organization holds harmless and releases SDK and its partners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Organization's management that has caused, in any respect, SDK's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

Tax Services

We will prepare the federal and state information returns. You are responsible for the safeguarding of assets, for the proper recording of transactions in the books of accounts, for the substantial accuracy of the financial records, and the full and accurate disclosure to us of all relevant facts affecting the return(s). You also have final responsibility for the tax return and, therefore, the appropriate organization officials should review the return carefully before an authorized officer signs and files it.

The Internal Revenue Code and regulations impose preparation and disclosure standards with noncompliance penalties on both the preparer of a tax return and on the taxpayer. To avoid exposure to these penalties, it may be necessary in some cases to make certain disclosures to you and/or in the tax return concerning positions taken on the return that do not meet these standards. Accordingly, we will advise you if we identify such a situation, and we will discuss those tax positions that may increase the risk of exposure to penalties and any recommended disclosures before completing the preparation of the return. If we conclude that we are obligated to disclose a position and you refuse to permit disclosure, we reserve the right to withdraw from the engagement. Likewise, where we disagree about the obligation to disclose a position, you also have the right to choose another professional to prepare your return. In either event, you agree to compensate us for our services to the date of the withdrawal. Our engagement with you will terminate upon our withdrawal.

The return(s) may be selected for review by the taxing authorities. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deductions shown on a tax return. In the event of a tax examination, we will be available, upon request, to represent you. However, such additional services are not included in our fees for preparation of the tax return(s).

You are responsible for making all management decisions and performing all management functions, and for designating an individual who possesses suitable skill, knowledge, or experience to oversee the accounting and tax services we provide. In addition, you are responsible for evaluating the adequacy and results of the accounting and tax services performed and accepting responsibility for such services.

It is our policy to keep records related to this engagement for seven years. However, we do not keep any of your original records, so we will return those to you upon the completion of the engagement. When records are returned to you, it is your responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies.

Records and Assistance

If circumstances arise relating to the condition of the Organization's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Organization's books and records. The Organization will determine that all such data, if necessary, will be so reflected. Accordingly, the Organization will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Organization personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Claire Stokes, Finance Director. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

If, in connection with our audit, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, computing the provision for income taxes, drafting the financial statements, etc.), you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

Other Relevant Information

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In addition, we may utilize financial information you have provided to us in connection with this engagement for purposes of creating benchmarking data to be used by SDK professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

SDK is a member of Allinial Global, an association of legally independent member firms. Neither the other member firms nor Allinial Global are responsible or accept liability for the work or advice which SDK provides to its clients. In signing and returning the enclosed copy of this engagement letter, you acknowledge and accept that such other member firms and Allinial Global do not owe you any duty in relation to the work or service which we will provide, from time to time, provide to you or are required to provide to you.

Electronic Data and Devices

In addition, in the interest of facilitating our services to you, we may communicate by use of electronic devices and send data over the Internet, or allow access to data through third-party vendors' secured portals or clouds. Electronic data that is confidential may be transmitted or stored using these methods. We may use third-party service providers to store or transmit this data, such as providers of tax return preparation software or cloud based storage services. In using these data communication and storage methods, Schechter Dokken Kanter employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards. We also require our third-party vendors to do the same. You recognize and accept that we have no control over the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third-party service providers during this engagement.

Parties' Understandings Concerning Situation Around COVID-19

SDK and the Dodge Nature Center acknowledge that, at the time of the execution of this engagement letter, governments, have restricted travel and/or the movement of their citizens due to the situation around COVID-19. SDK has restricted its employees to work from home when it is possible to complete the work remotely to protect the health of both SDKs' and its clients' employees.

Fees, Costs, and Access to Workpapers

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement plus directly billed expenses. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Organization personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. For audit services and financial reporting our fee will be \$15,000 with an additional fee of \$500 to implement the new revenue recognition standard and related ASU 2018-08 on contributions. The fee for the preparation of the federal and state informational returns (Form 990) will be \$2,250. Interim billings will be submitted as work progresses and as expenses are incurred.

Information Security - Miscellaneous Terms

SDK is committed to the safe and confidential treatment of the Organization's proprietary information. SDK is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The Organization agrees that it will not provide SDK with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of the Organization's information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

SDK may terminate this relationship immediately in its sole discretion if SDK determines that continued performance would result in a violation of law, regulatory requirements, applicable professional standards or SDK's client acceptance or retention standards, or if the Organization is placed on a verified sanctioned Organization list or if any director or executive of, or other person closely associated with, the Organization or its affiliates is placed on a verified sanctioned person list, in each case, including but not limited to lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the United Nations Security Council, the European Union or any other relevant sanctioning authority.

If any term or provision of this arrangement letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

Reporting

We will issue a written report upon completion of our audit of the Organization's financial statements. Our report will be addressed to the Board of Directors of the Organization. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

This letter constitutes the complete and exclusive statement of agreement between SDK and the Organization, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

Sincerely,

Schechter Dokken Kanter
Andrews & Selcer, Ltd.



Wendy L. Harden, CPA
Shareholder

WLH:klv

Confirmed on behalf of Dodge Nature Center:



09/11/2020

Board Representative

Date



09/14/2020

Management Representative

Date



February 18, 2021

Schechter Dokken Kanter
100 Washington Ave South Suite 1600
Minneapolis, MN 55401 -2192

This representation letter is provided in connection with your audit of the financial statements of Dodge Nature Center (the Organization), which comprise the statement of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated September 11, 2020, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

Nourish Your Need For Nature™

Dodge Nature Center
365 Marie Avenue West | West St. Paul, MN 55118
phone 651-455-4531 | DodgeNatureCenter.org

8. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

9. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
10. All transactions have been recorded in the accounting records and are reflected in the financial statements.
11. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
12. We have no knowledge of allegations of fraud or suspected fraud affecting the Organization's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
13. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements received in communications from employees, former employees, regulators or others.
14. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
15. We are not aware of any pending or threatened litigation and claims whose effects were considered when preparing the financial statements.

16. We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware.
17. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize and report financial data.
18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Sincerely,

Dodge Nature Center

Jason Sanders

Jason Sanders, Executive Director

Sheri J. Zigan

Sheri Zigan, Director of Finance