Financial statements of:

THOMAS IRVINE DODGE NATURE CENTER

Years ended
August 31, 2021 and 2020

	Page
Independent auditor's report	1
Financial statements:	
Statements of financial position	2-3
Statements of activities and changes in net assets	4
Statements of functional expenses	5
Statements of cash flows	6
Notes to financial statements	7-21

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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, 2021 and 2020, 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schechter Dokken Kanter
Andrews + Selcer Ltd.

December 9, 2021

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	**$ 346,419**	$ 518,257
Operating investments	**2,155,769**	1,095,168
Contributions receivable, current	**121,334**	884
Prepaid expenses and other current assets	**9,100**	14,473
Total current assets	**2,632,622**	1,628,782
Property and equipment, net	**9,169,696**	8,920,729
Contributions receivable, long term	**520,350**	-
Board designated investments	**678,118**	381,353
Endowment investments	**20,605,385**	17,358,560
Total noncurrent assets	**30,973,549**	26,660,642
Total assets	**$ 33,606,171**	$ 28,289,424

See notes to financial statements.

LIABILITIES AND NET ASSETS

	2021	2020
Current liabilities:		
Accounts payable	**$ 3,063**	$ 55,852
Accrued expenses	**42,072**	61,383
Deferred revenue	**171,747**	127,955
Total current liabilities	**216,882**	245,190
Net assets:		
Without donor restrictions:		
Undesignated	**957,392**	385,836
Designated by the Board for specific purpose	**678,118**	381,353
Designated by the Board for endowment	**4,615,485**	3,873,262
Invested in property and equipment	**4,869,894**	4,620,927
Total without donor restrictions	**11,120,889**	9,261,378
With donor restrictions:		
Perpetual in nature	**16,189,900**	13,485,298
Purpose restrictions	**1,778,698**	997,756
Restricted land	**4,299,802**	4,299,802
Total with donor restrictions	**22,268,400**	18,782,856
Total net assets	**33,389,289**	28,044,234
Total liabilities and net assets	**$ 33,606,171**	$ 28,289,424

See notes to financial statements.

THOMAS IRVINE DODGE NATURE CENTER

	2021			2020		
	Without donor restrictions	**With donor restrictions**	**Total**	Without donor restrictions	With donor restrictions	Total
Revenues, support and gains:						
Program service fees	**$ 331,954**		**$ 331,954**	$ 216,440		$ 216,440
Contributions	**873,921**	**$ 1,590,318**	**2,464,239**	595,258	$ 6,179,559	6,774,817
Paycheck Protection Program income	**-**		**-**	338,600		338,600
Preschool tuition	**707,532**	**-**	**707,532**	632,922	-	632,922
Net investment return	**1,508,862**	**2,887,357**	**4,396,219**	414,850	746,535	1,161,385
Other revenue	**14,288**		**14,288**	19,871		19,871
In-kind contributions	**49,771**		**49,771**	6,273		6,273
Special events, net of direct expense of $35,722 and $42,298 in 2021 and 2020, respectively	**284,223**		**284,223**	174,419		174,419
Rental revenue:	**48,699**		**48,699**	45,293		45,293
Released from restriction pursuant to endowment spending rate distribution formula	**437,947**	**(437,947)**	**-**	283,521	(283,521)	-
Released from restrictions and transfers	**554,184**	**(554,184)**	**-**	490,938	(490,938)	-
Total revenue, support and gains	**4,811,381**	**3,485,544**	**8,296,925**	3,218,385	6,151,635	9,370,020
Expenses:						
Nature and environmental education	**2,237,199**	**-**	**2,237,199**	2,124,887	-	2,124,887
Management and general	**338,425**	**-**	**338,425**	286,643	-	286,643
Fundraising and development	**376,246**	**-**	**376,246**	306,396	-	306,396
	2,951,870	**-**	**2,951,870**	2,717,926	-	2,717,926
Change in net assets	**1,859,511**	**3,485,544**	**5,345,055**	500,459	6,151,635	6,652,094
Net assets, beginning of year	**9,261,378**	**18,782,856**	**28,044,234**	8,760,919	12,631,221	21,392,140
Net assets, end of year	**$ 11,120,889**	**$ 22,268,400**	**$ 33,389,289**	$ 9,261,378	$ 18,782,856	$ 28,044,234

See notes to financial statements.

THOMAS IRVINE DODGE NATURE CENTER

	2021					2020				
		Supporting Services					Supporting Services			
	Nature and Environmental Education	Management and general	Fundraising and development	Total supporting services	Total	Nature and Environmental Education	Management and general	Fundraising and development	Total supporting services	Total
Salaries	1,201,335	$ 220,531	$ 132,791	353,322	$ 1,554,657	$ 1,119,498	$ 172,296	$ 144,761	$ 317,057	$ 1,436,555
Payroll taxes	88,633	10,657	9,765	20,422	109,055	82,952	13,181	11,074	24,255	107,207
Employee benefits	96,440	9,834	7,464	17,298	113,738	87,881	14,836	9,608	24,444	112,325
	1,386,408	241,022	150,020	391,042	1,777,450	1,290,331	200,313	165,443	365,756	1,656,087
Program supplies expenses	47,766	234	1,848	2,082	49,848	50,182	-	-	-	50,182
Professional fees	25,668	20,781	105,186	125,967	151,635	102,659	42,582	24,116	66,698	169,357
Repairs and maintenance	176,419	42	-	42	176,461	124,143	77	-	77	124,220
Miscellaneous	18,385	8,485	561	9,046	27,431	6,901	961	79	1,040	7,941
Insurance	19,073	22,178	-	22,178	41,251	44,762	1,790	448	2,238	47,000
Life insurance premium	-	-	90,130	90,130	90,130	-	-	94,170	94,170	94,170
Office expense	13,397	15,184	14,169	29,353	42,750	18,414	14,426	11,335	25,761	44,175
Conferences and travel	5,083	2,922	392	3,314	8,397	9,275	2,476	582	3,058	12,333
Supplies	30,160	826	541	1,367	31,527	30,646	2,083	772	2,855	33,501
Advertising	910	391	4,390	4,781	5,691	1,638	207	1,842	2,049	3,687
Pension and retirement plans	48,652	10,344	5,004	15,348	64,000	31,836	6,134	3,710	9,844	41,680
Utilities	62,089	2,484	622	3,106	65,195	51,550	2,062	516	2,578	54,128
Scholarship awards	44,887	-	-	-	44,887	41,159	-	-	-	41,159
Depreciation	358,302	13,532	3,383	16,915	375,217	321,391	13,532	3,383	16,915	338,306
Special event direct expenses	-	-	35,722	35,722	35,722			42,298	42,298	42,298
	2,237,199	338,425	411,968	750,393	2,987,592	2,124,887	286,643	348,694	635,337	2,760,224
Less cost of direct benefits to donors	-	-	(35,722)	(35,722)	(35,722)	-	-	(42,298)	(42,298)	(42,298)
	$ 2,237,199	$ 338,425	$ 376,246	$ 714,671	$ 2,951,870	$ 2,124,887	$ 286,643	$ 306,396	$ 593,039	$ 2,717,926
	75.8%	11.5%	12.7%	24.2%	100.0%	78.2%	10.5%	11.3%	21.8%	100.0%

See notes to financial statements.

THOMAS IRVINE DODGE NATURE CENTER

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	**$ 5,345,055**	$ 6,652,094
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	**375,217**	338,306
Donated securities	**(137,212)**	(133,689)
Contributions restricted to endowment	**(55,000)**	(5,289,620)
Unrealized (gains)/ losses	**(3,921,351)**	(639,773)
Changes in operating assets and liabilities:		
Contributions receivable	**(640,800)**	43,075
Prepaid expenses and other assets	**5,373**	21,642
Accounts payable	**(52,789)**	(50,190)
Accrued expenses	**(19,311)**	(51,815)
Deferred revenue	**43,792**	(36,791)
Net cash provided by operating activities	**942,974**	853,239
Cash flows from investing activites		
Purchase of:		
Property and equipment	**(624,184)**	(484,636)
Net investment income reinvested	**(472,729)**	(521,612)
Investments	**(361,568)**	(5,354,518)
Sale of investments	**288,669**	650,000
Net cash used in investing activities	**(1,169,812)**	(5,710,766)
Cash flows from financing activites		
Contributions restricted to endowment	**55,000**	5,289,620
Net cash provided by financing activities	**55,000**	5,289,620
Net (decrease) increase in cash	**(171,838)**	432,093
Cash, beginning of year	**518,257**	86,164
Cash, end of year	**$ 346,419**	$ 518,257

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.

Property and equipment:

Property and equipment additions over $5,000 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, 2021 and 2020.

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.

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

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 6,831 and 5,007 hours of service during the years ended August 31, 2021 and 2020, respectively. Contributed goods and property are recorded at fair value at the date of donation. The Organization records donated professional services at the fair values of the services received.

Advertising expenses:

Advertising costs are expensed as incurred, and were $5,691 and $3,687 during the years ended August 31, 2021 and 2020, respectively.

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 on 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.

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

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.

Reclassifications:

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation. Such changes had no effect on beginning or ending net assets.

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. Throughout the Organization's 2020-2021 fiscal year, the pandemic continued to create significant health threats for the population at large. National, regional and local governments implemented preventative or protective measures, such as travel and business restrictions, temporary store closures, mask mandates and wide-sweeping quarantines. 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 provided programing and pre- school classes with appropriate health and safety measures in place.

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 was forgiven. The amount was included in revenue as the conditions were met as of the year ended August 31, 2020.

Subsequent events:

The Organization has evaluated subsequent events through December 9, 2021, the date that the financial statements were to be issued.

2. Liquidity:

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

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	**$ 346,419**	$ 518,257
Contributions and accounts receivable, current	**116,510**	884
Investments	**2,155,769**	1,095,168
Financial assets available to meet general expenditures over the next twelve months	**$ 2,618,698**	$ 1,614,309

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 7. 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. Contributions receivable:

	2021	2020
Less than one year	**$ 171,334**	$ 884
One to five years	**470,350**	-
	$ 641,684	$ 884

All pledges receivable are considered to be collectible and, therefore, no allowance for uncollectible pledges receivable has been recorded.

4. 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.

4. Fair value measurements and disclosures (continued):

Three-tier hierarchy categories (continued):

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 the 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.

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:

	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and money market funds, at cost	**$ 665,701**			**$ 665,701**
Equities and mutual funds	**14,266,762**			**14,266,762**
Fixed income securities	**5,123,179**			**5,123,179**
	$ 20,055,642	**$ 0**	**$ 0**	**20,055,642**
Investments measured at net asset value, alternative investments, hedge funds				**3,383,630**
				$ 23,439,272

4. Fair value measurements and disclosures (continued):

	2020			
	Level 1	Level 2	Level 3	Total
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	4,578,532			4,578,532
	$ 17,085,727	$ 0	$ 0	17,085,727
Investments measured at net asset value, alternative investments, hedge funds				1,749,354
				$ 18,835,081

5. Net investment return:

Net investment return consists of the following for the years ended August 31, 2021 and 2020:

	2021	2020
Interest and dividends	**$ 437,690**	$ 384,154
Net realized and unrealized gain	**4,056,334**	850,369
Less investment management and custodial fees	**(97,805)**	(73,138)
	$ 4,396,219	$ 1,161,385

6. Property and equipment:

Property and equipment consists of the following at August 31:

	2021	2020
Land	**$ 5,640,296**	$ 5,640,296
Land improvements	**1,443,697**	1,263,803
Buildings improvements	**5,794,420**	5,530,984
Equipment	**1,287,916**	1,107,062
	14,166,329	13,542,145
Less accumulated depreciation	**4,996,633**	4,621,416
	$ 9,169,696	$ 8,920,729

7. 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, 2021 and 2020, 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, 2021 and 2020, the Organization had the following endowment net asset composition by type of fund:

	2021			
	Without donor restrictions -designated	**With donor restrictions -accumulated**	**With donor restrictions -original gift**	**Total**
Donor-restricted endowment funds		**$ 4,909,473**	**$ 11,280,427**	**$ 16,189,900**
Board-designated endowment funds	**$ 4,615,485**			**4,615,485**
	$ 4,615,485	**$ 4,909,473**	**$ 11,280,427**	**$ 20,805,385**

7. Endowments (continued):

	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
	$ 3,873,262	$ 2,478,673	$ 11,006,625	$ 17,358,560

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 2021 and 2020, 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.

7. Endowments (continued):

Changes in endowment net assets for the years ended August 31, 2021 and 2020 are as follows:

	2021			
	Without donor restrictions designated	With donor restrictions -accumulated	With donor restrictions -original gift	Total
Endowment net assets, beginning	$ 3,873,262	$ 2,478,673	$ 11,006,625	$ 17,358,560
Investment return:				
Investment income	109,637	258,268	79,163	447,068
Net realized and unrealized gain (loss), net of fees	778,086	2,542,839	7,087	3,655,540
	887,723	2,801,107	86,250	4,102,608
Contributions			55,000	55,000
Contributions receivable			200,000	200,000
Distributions:				
Appropriation of endowment assets pursuant of spending rate policy		(370,500)	(67,447)	(437,947)
Transfer to remove board-designated endowment funds	(145,309)			(472,837)
	(145,309)	(370,500)	(67,447)	(910,784)
	$ 4,615,485	$ 4,909,472	$ 11,280,428	$ 20,805,385

7. Endowments (continued):

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

8. Net assets, with donor restrictions:

Net assets with donor restrictions at August 31, 2021 and 2020 consist of:

	2021	2020
Restricted by donors for:		
Property improvements	$ 114,489	$ 140,445
Nature and environmental education activities	334,432	15,888
Scholarships	33,727	35,580
General operating for future periods	1,662	35,603
Repairs and maintenance	-	728
Shepard Farms programs	15,415	19,512
Capital improvements	891,363	750,000
Time restricted	387,610	-
	1,778,698	997,756
Restricted by donors to be invested in perpetuity and the accumulated earnings on those gifts:		
General operating	4,195,860	3,295,034
Farm endowment	1,832,484	1,458,029
Peterson Naturalist position	1,624,978	1,606,175
Pre-School scholarship endowment	872,012	669,072
Driscoll maintenance fund	250,000	-
Volunteer	1,485,986	1,167,868
Ford preschool	5,928,580	5,289,120
	16,189,900	13,485,298
Restricted land	4,299,802	4,299,802
	20,489,702	17,785,100
Total net assets with donor restrictions	$ 22,268,400	$ 18,782,856

8. Net assets, with donor restrictions (continued):

Net assets were released from restrictions as follows during the years ended August 31, 2021and 2020:

	2021	2020
Satisfaction of time and purpose restrictions:		
Property improvements	**$ 27,147**	$ 465,213
Nature and environmental education	**481,945**	-
Scholarships	**7,781**	6,703
General operating	**32,486**	1,604
Repairs and maintenance	**728**	13,520
Shepard Farms	**4,097**	3,898
	$ 554,184	$ 490,938
Restricted-purpose spending-rate distributions and appropriations:		
General operating	**$ 86,756**	$ 97,704
Farm endowment	**62,469**	45,833
Dixie Slope	**26,212**	29,544
Ford fund	**9,046**	10,440
Peterson Naturalist	**67,447**	50,000
Capital campaign	**135,500**	-
Volunteer	**50,517**	50,000
	$ 437,947	$ 283,521

9. Donated professional services and materials:

The Organization received donated professional services and materials as follows during the years ended August 31, 2021 and 2020:

	2021	2020
Event expense	$ 4,743	$ 1,803
Supplies	4,239	1,870
Services	11,868	
Capital assets	28,921	2,600
	$ 49,771	$ 6,273

10. 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% of an employee's compensation during the years ending August 31, 2021 and 2020. Expense charged to operations for the years ended August 31, 2021 and 2020 amounted to $64,000 and $41,680, respectively.

11. Cash surrender value on life insurance policy:

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 $90,130 and $94,170 was donated for the year ended August 31, 2021 and 2020, respectively by the insured who is also a board member. There was no cash surrender value at August 31, 2021 and 2020.