

**EXPLORATIONWORKS, INC.**

**AUDITED FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**





**EXPLORATIONWORKS, INC.  
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Board of Directors and Management  
ExplorationWorks, Inc.  
Helena, MT

## INDEPENDENT AUDITORS' REPORT

### Opinion

We have audited the accompanying financial statements of ExplorationWorks, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ExplorationWorks, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ExplorationWorks, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ExplorationWorks, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ExplorationWorks, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Junkermier, Clark, Campanella, Stevens, P.C.***

Helena, Montana  
May 23, 2023

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**EXPLORATIONWORKS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**Year Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 155,198	\$ 195,687
Grants receivable	-	10,000
Trade receivable	9,250	16,480
Prepaid expenses	<u>5,000</u>	<u>10,147</u>
	<u>169,448</u>	<u>232,314</u>
<b>FIXED ASSETS</b>		
Fixed assets, net	<u>1,378,769</u>	<u>1,420,894</u>
Total assets	<u>\$ 1,548,217</u>	<u>\$ 1,653,208</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 21,710	\$ 9,621
Payroll liabilities	<u>26,209</u>	<u>22,471</u>
	<u>47,919</u>	<u>32,092</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,500,298	1,617,401
With donor restrictions	<u>-</u>	<u>3,715</u>
	<u>1,500,298</u>	<u>1,621,116</u>
Total liabilities and net assets	<u>\$ 1,548,217</u>	<u>\$ 1,653,208</u>

See the notes to financial statements

**EXPLORATIONWORKS, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT EARNED INCOME</b>			
Admissions	\$ 113,398	\$ -	\$ 113,398
Membership	97,405	-	97,405
Program fees	135,056	-	135,056
Event income	92,271	-	92,271
Other earned income	<u>29,137</u>	<u>-</u>	<u>29,137</u>
	467,267	-	467,267
Cost of goods sold	<u>(708)</u>	<u>-</u>	<u>(708)</u>
Contribution margin	<u>466,559</u>	<u>-</u>	<u>466,559</u>
<b>OTHER REVENUE</b>			
Grants	-	110,998	110,998
In-kind	-	23,929	23,929
Sponsorships	7,000	65,200	72,200
Other contributed income	98,610	6,460	105,070
Investment income	1,068	-	1,068
Net assets released from restrictions	<u>210,302</u>	<u>(210,302)</u>	<u>-</u>
Total revenues and support	<u>783,539</u>	<u>(3,715)</u>	<u>779,824</u>
<b>EXPENSES</b>			
Program expenses	495,260	-	495,260
Management and general expenses	324,301	-	324,301
Fundraising expenses	<u>81,081</u>	<u>-</u>	<u>81,081</u>
Total expenses	<u>900,642</u>	<u>-</u>	<u>900,642</u>
<b>CHANGE IN NET ASSETS</b>	(117,103)	(3,715)	(120,818)
<b>NET ASSETS, beginning of year</b>	<u>1,617,401</u>	<u>3,715</u>	<u>1,621,116</u>
<b>NET ASSETS, end of year</b>	<u>\$ 1,500,298</u>	<u>\$ -</u>	<u>\$ 1,500,298</u>

See the notes to financial statements



**EXPLORATIONWORKS, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT EARNED INCOME</b>			
Admissions	\$ 59,182	\$ -	\$ 59,182
Membership	65,665	-	65,665
Program fees	184,173	-	184,173
Event income	71,760	-	71,760
Other earned income	<u>22,589</u>	<u>-</u>	<u>22,589</u>
Contribution margin	<u>403,369</u>	<u>-</u>	<u>403,369</u>
<b>OTHER REVENUE</b>			
Grants	88,264	25,750	114,014
In-kind	500	-	500
Sponsorships	500	61,000	61,500
Other contributed income	194,963	5,500	200,463
Investment income	81	-	81
Net assets released from restrictions	<u>102,181</u>	<u>(102,181)</u>	<u>-</u>
Total revenues and support	<u>789,858</u>	<u>(9,931)</u>	<u>779,927</u>
<b>EXPENSES</b>			
Program expenses	460,461	-	460,461
Management and general expenses	300,042	-	300,042
Fundraising expenses	<u>55,304</u>	<u>-</u>	<u>55,304</u>
Total expenses	<u>815,807</u>	<u>-</u>	<u>815,807</u>
<b>CHANGE IN NET ASSETS</b>	(25,949)	(9,931)	(35,880)
<b>NET ASSETS, beginning of year</b>	<u>1,643,350</u>	<u>13,646</u>	<u>1,656,996</u>
<b>NET ASSETS, end of year</b>	<u>\$ 1,617,401</u>	<u>\$ 3,715</u>	<u>\$ 1,621,116</u>

See the notes to financial statements

**EXPLORATIONWORKS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2022**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 11,898	\$ 2,170	\$ -	\$ 14,068
Bank charges	1,515	9,623	230	11,368
Computer support/security	8,308	22,849	-	31,157
Depreciation and amortization	72,200	-	-	72,200
Dues and subscriptions	4,576	5,319	-	9,895
Equipment rental	2,506	279	-	2,785
Event expense	-	59	51,308	51,367
Exhibit rental	18,000	-	-	18,000
Insurance	-	14,239	-	14,239
Interest	-	13	-	13
Janitorial	40	5,952	-	5,992
Licenses and permits	-	577	-	577
Other	-	12,737	-	12,737
Postage and delivery	-	735	218	953
Printing	2,339	631	2,298	5,268
Professional fees	3,646	45,937	288	49,871
Professional development	103	2,550	-	2,653
Property tax	-	1,799	-	1,799
Repairs and maintenance	-	14,056	-	14,056
Salaries and benefits	317,505	160,271	25,342	503,118
Supplies	41,693	9,069	1,397	52,159
Telephone and internet	-	5,500	-	5,500
Transportation and storage	7,946	-	-	7,946
Travel	1,813	1,147	-	2,960
Utilities	1,172	8,777	-	9,949
Volunteer support	-	12	-	12
Total expenses	<u>\$ 495,260</u>	<u>\$ 324,301</u>	<u>\$ 81,081</u>	<u>\$ 900,642</u>

See the notes to financial statements

**EXPLORATIONWORKS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2021**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 15,326	\$ -	\$ -	\$ 15,326
Bad debt	67	-	-	67
Bank charges	6,009	2,173	53	8,235
Computer support/security	22,656	1,935	1,176	25,767
Depreciation and amortization	68,487	-	-	68,487
Donor cultivation	151	-	-	151
Dues and subscriptions	10,617	24	-	10,641
Equipment rental	2,527	-	-	2,527
Event expense	-	-	24,324	24,324
Exhibit rental	22,000	-	-	22,000
Insurance	11,874	1,164	-	13,038
Interest	11,404	-	-	11,404
Janitorial	-	3,724	-	3,724
Licenses and permits	300	50	-	350
Other	7,058	844	798	8,700
Postage and delivery	822	191	312	1,325
Printing	7,025	1,281	1,345	9,651
Professional fees	21,800	27,365	5,313	54,478
Professional development	3,085	-	-	3,085
Property tax	1,740	-	-	1,740
Repairs and maintenance	-	9,181	-	9,181
Salaries and benefits	196,721	237,214	21,329	455,264
Supplies	46,510	4,877	454	51,841
Telephone and internet	3,075	1,292	-	4,367
Transportation and storage	-	1,223	-	1,223
Travel	-	174	200	374
Utilities	1,207	7,330	-	8,537
	<u>460,461</u>	<u>300,042</u>	<u>55,304</u>	<u>815,807</u>
Total expenses	<u>\$ 460,461</u>	<u>\$ 300,042</u>	<u>\$ 55,304</u>	<u>\$ 815,807</u>

See the notes to financial statements

**EXPLORATIONWORKS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Year Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (120,818)	\$ (35,880)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation and amortization	72,200	68,487
(Increase) decrease in:		
Grants and trade receivable	17,230	(26,480)
Inventory	-	2,240
Prepaid expense	5,147	13,001
Increase (decrease) in:		
Accounts payable	12,089	(6,220)
Payroll liabilities	<u>3,738</u>	<u>5,975</u>
Net cash from operating activities	<u>(10,414)</u>	<u>21,123</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid to acquire property and equipment	<u>(30,075)</u>	<u>(14,350)</u>
Net cash from investing activities	<u>(30,075)</u>	<u>(14,350)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash paid for principal payments on long-term debt	<u>-</u>	<u>(323,800)</u>
Net cash from financing activities	<u>-</u>	<u>(323,800)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(40,489)	(317,027)
Cash and cash equivalents, beginning of year	<u>195,687</u>	<u>512,714</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 155,198</u>	<u>\$ 195,687</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid during the period for interest	<u>\$ 13</u>	<u>\$ 11,404</u>

See the notes to financial statements

**EXPLORATIONWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Activities***

ExplorationWorks, Inc. operates as a non-profit organization located in Helena, Montana. ExplorationWorks, Inc. developed ExplorationWorks, which is an interactive science center. ExplorationWorks opened to the public in November 2007 as an innovative, hands-on science center offering programs and exhibits that provide diverse audiences with an engaging discovery of the sciences, technology, engineering, and math.

***New Accounting Pronouncement***

In February of 2016, FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued a number of additional ASUs, which amend and clarify Topic 842, as well as establishing various practical expedient options. Under Topic 842, all leases, whether classified as operating or capital leases (called “finance leases” under the new standard), create a right-of-use asset and a lease liability on the lessee’s balance sheet. There is an exception for leases with a term of 12 months or less. For such short-term leases, a lessee is permitted to make an accounting policy election not to recognize leased assets and lease liabilities, and instead recognize lease expenses on a straight-line basis over the lease term, consistent with prior accounting guidance for operating leases.

The Organization adopted Topic 842 using the modified retrospective method and the option not to adjust comparative periods reported. The Organization elected the practical expedient permitting the Organization to not reassess under the new standard the prior conclusions about lease identification, lease classification, and initial direct costs. The Organization also made the accounting policy election described above with regards to short term-leases. The Organization has analyzed the provisions of FASB's ASC Topic 842, Leases, and has concluded that no changes are necessary to conform with the new standard given that no material leases exist that have terms greater than 12 months.

***Revenue Recognition***

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give that are scheduled to be received more than one year after the balance sheet date are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the cash is received and any purpose restrictions are met. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Membership dues, which are not refundable, are available at several levels of value. Revenue is recognized at the time the membership is purchased, and any member benefits are not directly accounted for, due to the immaterial effect of the benefits on the financial statements.

ExplorationWorks, Inc. recognizes gifts, grants, or donations when cash, securities, or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions of assets other than cash are recorded at their estimated fair value. It is the policy of the Organization to report gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are recorded as support with donor restrictions. Absent explicit donor stipulation about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service.

**EXPLORATIONWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

***Basis of Accounting***

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

***Basis of Presentation***

Net assets of the Organization and changes therein are classified and reported as follows:

**Net assets without donor restrictions** - Net assets that are not subject to donor-imposed stipulations.

**Net assets with donor restrictions** - Net assets that are subject to donor-imposed stipulations. Some restrictions are temporary in nature and will be met either by the actions of the Organization or the passage of time. When a temporary restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfaction of program restrictions. If the temporary restrictions are met in the reporting period, revenue is reported as without donor restrictions. Other donor-imposed stipulations require that they be maintained permanently by the Organization. Generally, the donors of these assets permit use of investment income for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give that are scheduled to be received after the balance sheet date are shown as increases to net assets with donor restrictions and are reclassified to net assets without donor restrictions when the cash is received and any purpose restrictions are met. Conditional grants and promises to give are not recognized until the conditions on which they depend are substantially met.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law.

Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

***Cash and Cash Equivalents***

The Organization considers all highly liquid assets purchased with an original maturity of three months or less to be cash equivalents. At times during the year, the Organization's deposits with financial institutions may be in excess of FDIC insured limits.

***Inventories***

Inventories typically consist primarily of merchandise sold in the gift shop, but for the years ended December 31, 2022 and 2021, all merchandise has been expensed and no inventory balances remained at year end.

***Accounts Receivable***

The Organization considers trade and grants accounts receivable to be fully collectible; accordingly, management estimates the allowance for doubtful accounts to be zero at December 31, 2022 or 2021. If amounts become uncollectible, they will be charged to operations when that determination is made.

**EXPLORATIONWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

***Depreciation***

Property, plant, and equipment are stated at historical cost. The Organization established a threshold of \$5,000 for capitalization of depreciable assets with an expected useful life greater than one year. Contributed assets are recorded based on the estimated fair value of the asset. Fixed assets are depreciated on a straight-line basis. Estimated useful lives for depreciable assets are as follows:

Buildings	20 years
Building improvements	5-10 years
Vehicles and equipment	5-10 years

***Compensated Absences***

All full-time regular employees earn vacation based on their anniversary date with the Organization. Part-time employees working at least 20 hours per week accumulate vacation in a prorated manner in accordance with the number of hours normally worked. Employees may not accrue, at any given time, a total of more than one year's vacation time. Upon termination, voluntary or involuntary, accrued vacation leave will be paid in full.

***Federal Income Taxes***

The Internal Revenue Service has granted ExplorationWorks, Inc. an exemption from income tax under Section 501(c)(3) of the Internal Revenue Code.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

***Advertising Costs***

The Organization uses advertising to promote its programs among the customers it serves. The cost of advertising is expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021 was \$14,068 and \$15,326, respectively.

***Contributed Materials and Services***

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. The amounts of contributed services and property for the year ended December 31, 2022 and 2021 was \$23,929 and \$500, respectively.

In addition, a number of volunteers have donated significant amounts of time to the Organization's program services and supporting activities. Although essential to operations, these in-kind contributions are not reflected in the financial statements since these services do not meet the criteria for recognition.

**EXPLORATIONWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

***Functional Expenses***

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. All others are allocated based on the following:

<b><u>Expense</u></b>	<b><u>Method of Allocation</u></b>
Advertising	Time and effort
Bad debt	Time and effort
Bank charges	Time and effort
Computer support/security	Time and effort
Depreciation and amortization	Square footage
Donor cultivation	Time and effort
Dues and subscriptions	Time and effort
Equipment rental	Full time equivalent
Event expense	Time and effort
Exhibit rental	Full time equivalent
Insurance	Time and effort
Interest	Time and effort
Janitorial	Time and effort
Licenses and permits	Time and effort
Other	Time and effort
Postage and delivery	Time and effort
Printing	Time and effort
Professional fees	Full time equivalent
Professional development	Full time equivalent
Property tax	Square footage
Repairs and maintenance	Time and effort
Salaries and benefits	Time and effort
Supplies	Time and effort
Telephone and internet	Time and effort
Transportation and storage	Time and effort
Travel	Time and effort
Utilities	Square footage
Volunteer support	Time and effort



**EXPLORATIONWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**2. PLEDGES RECEIVABLE**

Unconditional promises to give are recorded as receivables and revenue when received. The allowance for uncollectible pledges is based on management's estimate of 3% of the outstanding balance and specific identification of uncollectible balances. The Organization distinguishes between contributions received for each net asset category in accordance with donor imposed restrictions. Pledges receivable as of December 31, 2022 and 2021 consist of \$0 and \$0, respectively.

**3. FIXED ASSETS**

Fixed assets consist of the following at December 31:

	<b>2022</b>	<b>2021</b>
Building - ExWorks facility	\$ 1,500,822	\$ 1,500,822
Land	275,000	275,000
Equipment	111,158	84,402
Exhibits	514,102	514,102
Software	<u>16,041</u>	<u>16,041</u>
	2,417,123	2,390,367
Less accumulated depreciation	(1,022,313)	(953,432)
Less accumulated amortization	<u>(16,041)</u>	<u>(16,041)</u>
Fixed assets, net	<u>\$ 1,378,769</u>	<u>\$ 1,420,894</u>

**4. LINE OF CREDIT**

The Organization has a \$50,000 line of credit with Opportunity Bank to help finance its short-term capital needs. The amounts borrowed under the agreement bear interest at 6.50%. At December 31, 2022 and 2021, the Organization had outstanding borrowings under this line of credit of \$0 and \$0, respectively.

**5. RELATED PARTIES**

Related party transactions consist of contributions and pledges of future contributions by members of the Board of Directors. Other board contributions include in-kind contributions of material and services.

**6. EXPLORATIONWORKS, INC. FACILITY**

The ExplorationWorks, Inc., facility is owned through a tenant-in-common agreement with the City of Helena dated in October 2004. The Organization owns 64.5% and the City owns 35.5%. At December 31, 2022 and 2021, the balance of the share belonging to the Organization was \$1,500,822 and \$1,500,822, respectively.

**EXPLORATIONWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**7. BENEFICIAL INTEREST IN ASSETS HELD AT MONTANA COMMUNITY FOUNDATION**

The Organization is the designated beneficiary of endowment funds held at the Montana Community Foundation (MCF). The donors granted variance power to the MCF; therefore, in accordance with FASB ASC 958-605-25-25, the balance of the endowment account is not recorded in the statements of financial position. Variance power gives the MCF complete control and ownership of the asset. Consequently, the asset is included in the MCF's statement of financial position. The earnings on the endowment fund held at the MCF are paid to the beneficiary, namely ExplorationWorks, Inc., at the discretion of the MCF's Board of Directors. Earnings distributed by the MCF to the Organization are recorded as contributions in the year of receipt.

The total amount of the endowment account that is not included in the Organization's statements of financial position is \$31,370 and \$35,255 at December 31, 2022 and 2021, respectively.

**8. NET ASSETS WITH RESTRICTIONS**

**Net assets with restrictions were available for the following purposes during the fiscal year ended December 31:**

	<b>2022</b>	<b>2021</b>
Beginning balance - January 1	\$ 3,715	\$ 13,646
Additions:		
Camps	36,560	17,000
Programs and scholarships	103,508	15,500
Events	40,969	30,500
Building	6,550	-
Exhibits	15,500	23,750
Professional development	3,500	-
Sustainability	-	5,500
Total additions	206,587	92,250

**Net assets with restrictions were used for the following programs and released from restriction during the fiscal year:**

Camps	36,560	17,000
Programs and scholarships	105,116	15,231
Field trips and outreach	2,107	5,200
Events	40,969	30,500
Building	6,550	-
Exhibits	15,500	28,750
Professional development	3,500	-
Operations adaptability	-	5,500
Total released from restriction	210,302	102,181
Ending balance - December 31	\$ -	\$ 3,715

**EXPLORATIONWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**9. LIQUIDITY AND AVAILABILITY**

The following represents the Organization's financial assets at December 31, 2022 and 2021:

Financial assets at year end:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 155,198	\$ 195,687
Grants receivable	-	10,000
Trade receivable	<u>9,250</u>	<u>16,480</u>
Total financial assets	<u>164,448</u>	<u>222,167</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>-</u>	<u>3,715</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 164,448</u>	<u>\$ 218,452</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$222,251). As part of its liquidity plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests excess cash in short-term investments, including money market accounts. In the event of an unanticipated liquidity need, the Organization could draw upon \$50,000 of available lines of credit.

**10. PAYROLL PROTECTION PROGRAM**

During the year ended December 31, 2021 the Organization obtained and received forgiveness for Payroll Protection Program loans from the Small Business Administration through the CARES Act, in order to help with qualified operating expenditures and payroll costs during the COVID-19 pandemic. The total amounts obtained were \$74,298 in 2021 and \$74,800 in 2020, with 1% interest payable over two years from the original disbursement date, if not forgiven.

The Organization incurred sufficient qualifying expenses on its first PPP loan in 2020 to qualify for full forgiveness. The Organization subsequently received full forgiveness of that loan in 2021 and recorded the full amount of \$74,800 as income in 2020. As of December 31, 2021, the Organization incurred sufficient eligible expenses, which qualified the Organization for full forgiveness of its second loan of \$74,298 under the program, and also received full forgiveness of that amount in 2021. As such, the Organization elected to treat the full \$74,298 as income for the year ended December 31, 2021, in accordance with FASB ASC 958-605.

**11. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 23, 2023, the date on which the financial statements were available to be issued, noting the following event that occurred subsequent to year-end.

The Organization completed and filed amended payroll tax returns in January 2023 to claim the Employee Retention Credit, which is a refundable tax credit for businesses that continued to pay employees while shut down due to the COVID-19 pandemic or had significant declines in gross receipts from March 13, 2020 to December 31, 2021. The amount of the credit is calculated to be \$120,000, and management expects to receive the credit in 2023 or 2024.