

THE BAKKEN
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

**THE BAKKEN
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YEARS ENDED DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Bakken
Minneapolis, Minnesota

We have audited the accompanying financial statements of The Bakken, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of activities, 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.

Auditors' 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 auditors' 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.

Board of Directors
The Bakken

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bakken at December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 14, 2020

**THE BAKKEN
BALANCE SHEETS
DECEMBER 31, 2019 AND 2018**

ASSETS	2019	2018
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,061,591	\$ 1,518,227
Inventory	14,819	16,698
Prepaid Expenses	129,369	14,338
Pledges Receivable - Current Portion	24,366	31,367
Contribution Receivable from Lead Trust - Current Portion	300,000	300,000
Other Receivables	18,920	35,484
Total Current Assets	5,549,065	1,916,114
LONG-TERM PORTION OF CONTRIBUTION RECEIVABLE FROM LEAD TRUST		
	709,912	707,113
LIBRARY AND MUSEUM COLLECTIONS		
	2,948,523	2,948,523
LONG-TERM PORTION OF PLEDGES RECEIVABLE		
	101,512	18,550
INVESTMENTS		
	7,515,726	-
PROPERTY AND EQUIPMENT		
Land and Building	6,663,328	6,654,576
Fixtures and Equipment	410,273	307,221
Construction in Progress	468,344	-
Total	7,541,945	6,961,797
Less: Accumulated Depreciation	(5,543,680)	(5,231,263)
Total Property and Equipment	1,998,265	1,730,534
Total Assets	\$ 18,823,003	\$ 7,320,834
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Capital Lease Obligations, Current	\$ 1,642	\$ 2,208
Accounts Payable	30,489	39,453
Accrued Payroll and Related Liabilities	122,363	30,663
Deferred Revenue	14,476	33,607
Notes Payable, Current	21,663	20,695
Other Liabilities	5,310	273
Total Current Liabilities	195,943	126,899
LONG-TERM LIABILITIES		
Capital Lease Obligations, Long-Term	7,187	1,009
Notes Payable, Long-Term	1,831	23,469
Total Long-Term Liabilities	9,018	24,478
Total Liabilities	204,961	151,377
NET ASSETS		
Without Donor Restrictions:		
Undesignated	16,581,447	4,854,577
Board Designated	90,000	90,000
Total Unrestricted	16,671,447	4,944,577
With Donor Restrictions	1,946,595	2,224,880
Total Net Assets	18,618,042	7,169,457
Total Liabilities and Net Assets	\$ 18,823,003	\$ 7,320,834

See accompanying Notes to Financial Statements.

**THE BAKKEN
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUE						
Support:						
Contributions	\$ 12,053,310	\$ 1,254,003	\$ 13,307,313	\$ 269,905	\$ 1,409,745	\$ 1,679,650
Other Revenue:						
Facility Use Fees	152,870	-	152,870	100,160	-	100,160
Program Service Fees, Net of Scholarships of \$69,071 and \$75,910, Respectively	594,135	-	594,135	559,150	-	559,150
Change in Split-Interest Agreement	-	302,799	302,799	-	90,479	90,479
Investment Income	28,696	-	28,696	29	-	29
Miscellaneous	37,396	-	37,396	41,166	-	41,166
Total Other Revenue	813,097	302,799	1,115,896	700,505	90,479	790,984
NET ASSETS RELEASED FROM RESTRICTIONS	1,835,087	(1,835,087)	-	1,341,687	(1,341,687)	-
Total Support and Other Revenue	14,701,494	(278,285)	14,423,209	2,312,097	158,537	2,470,634
EXPENSES						
Program Services	2,222,459	-	2,222,459	1,743,032	-	1,743,032
Management and General	336,213	-	336,213	384,090	-	384,090
Fundraising	415,952	-	415,952	351,575	-	351,575
Total Expenses	2,974,624	-	2,974,624	2,478,697	-	2,478,697
CHANGE IN NET ASSETS	11,726,870	(278,285)	11,448,585	(166,600)	158,537	(8,063)
Net Assets - Beginning of Year	4,944,577	2,224,880	7,169,457	5,111,177	2,066,343	7,177,520
NET ASSETS - END OF YEAR	<u>\$ 16,671,447</u>	<u>\$ 1,946,595</u>	<u>\$ 18,618,042</u>	<u>\$ 4,944,577</u>	<u>\$ 2,224,880</u>	<u>\$ 7,169,457</u>

See accompanying Notes to Financial Statements.

THE BAKKEN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	2019						Total
	Program			Total Program	Management and General Administrative		
	Exhibits and Collections	Education	Public		Fundraising	Total	
Salaries	\$ 263,270	\$ 640,847	\$ 214,352	\$ 1,118,469	\$ 199,740	\$ 225,438	\$ 1,543,647
Benefits	23,497	61,425	18,469	103,391	12,068	17,096	132,555
Payroll Taxes	19,017	45,246	15,068	79,331	14,152	15,755	109,238
Total Personnel Costs	<u>305,784</u>	<u>747,518</u>	<u>247,889</u>	<u>1,301,191</u>	<u>225,960</u>	<u>258,289</u>	<u>1,785,440</u>
Consultants	219,249	31,658	11,345	262,252	21,841	39,469	323,562
Advertising and Promotion	11,926	35,722	12,304	59,952	224	4,348	64,524
Program and Office Supplies	9,462	63,497	35,263	108,222	10,481	39,445	158,148
Information Technology	3,616	8,866	14,163	26,645	3,308	15,400	45,353
Equipment and Repairs	2,572	5,889	2,427	10,888	1,073	1,529	13,490
Occupancy	23,693	70,749	23,702	118,144	14,811	13,977	146,932
Travel	540	7,745	2,791	11,076	4,821	2,290	18,187
Conferences, Conventions, and Meetings	768	1,700	776	3,244	3,679	1,982	8,905
Staff Development and Recruitment	426	4,453	3,677	8,556	3,024	2,125	13,705
Depreciation	51,487	153,890	51,877	257,254	31,930	30,778	319,962
Insurance	7,614	22,736	7,617	37,967	4,722	4,492	47,181
Interest Expense	-	-	-	-	1,851	-	1,851
Bad Debt Expense	-	-	-	-	923	-	923
Taxes and Fees	111	8,926	8,031	17,068	7,565	1,828	26,461
Total Expense	<u>\$ 637,248</u>	<u>\$ 1,163,349</u>	<u>\$ 421,862</u>	<u>\$ 2,222,459</u>	<u>\$ 336,213</u>	<u>\$ 415,952</u>	<u>\$ 2,974,624</u>

See accompanying Notes to Financial Statements.

THE BAKKEN
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	2018						
	Program			Total Program	Management and General		Total
	Exhibits and Collections	Education	Public		Administrative	Fundraising	
Salaries	\$ 151,175	\$ 513,058	\$ 183,499	\$ 847,732	\$ 160,288	\$ 177,474	\$ 1,185,494
Benefits	10,458	47,160	19,070	76,688	7,667	17,474	101,829
Payroll Taxes	11,405	37,924	13,646	62,975	11,671	13,360	88,006
Total Personnel Costs	<u>173,038</u>	<u>598,142</u>	<u>216,215</u>	<u>987,395</u>	<u>179,626</u>	<u>208,308</u>	<u>1,375,329</u>
Consultants	138,636	44,394	7,314	190,344	29,790	63,529	283,663
Advertising and Promotion	3,749	24,288	7,094	35,131	180	-	35,311
Program and Office Supplies	17,448	33,470	39,853	90,771	5,995	10,600	107,366
Information Technology	1,720	741	574	3,035	1,423	2,953	7,411
Equipment and Repairs	868	6,729	1,495	9,092	1,033	1,306	11,431
Occupancy	15,677	73,618	19,242	108,537	14,211	15,151	137,899
Travel	131	7,713	637	8,481	4,180	1,534	14,195
Conferences, Conventions, and Meetings	1,011	2,837	2,234	6,082	2,279	5,869	14,230
Staff Development and Recruitment	424	2,128	631	3,183	4,384	414	7,981
Depreciation	29,310	183,876	48,825	262,011	34,980	38,444	335,435
Insurance	2,541	15,943	4,233	22,717	3,033	3,333	29,083
Interest Expense	-	-	-	-	2,826	-	2,826
Bad Debt Expense	-	-	-	-	85,000	-	85,000
Taxes and Fees	-	8,878	7,375	16,253	15,150	134	31,537
Total Expense	<u>\$ 384,553</u>	<u>\$ 1,002,757</u>	<u>\$ 355,722</u>	<u>\$ 1,743,032</u>	<u>\$ 384,090</u>	<u>\$ 351,575</u>	<u>\$ 2,478,697</u>

See accompanying Notes to Financial Statements.

THE BAKKEN
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 11,448,585	\$ (8,063)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	319,962	335,435
(Increase) Decrease in Current Assets:		
Inventory	1,879	1,042
Prepaid Expenses	(115,031)	(3,093)
Pledges Receivable	(75,961)	231,224
Other Receivables	16,564	1,910
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(8,964)	(42,112)
Accrued Payroll and Related Liabilities	91,700	6,351
Deferred Revenue	(19,131)	9,152
Other Liabilities	5,037	273
Change in Contribution Receivable from Lead Trust	(302,799)	(90,479)
Net Cash Provided by Operating Activities	11,361,841	441,640
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(578,343)	(6,530)
Purchases of Investments	(7,515,726)	-
Net Cash Used by Investing Activities	(8,094,069)	(6,530)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions from Lead Trust	300,000	300,000
Principal Payments on Capital Lease Obligations	(3,738)	(1,938)
Payments on Notes Payable	(20,670)	(19,784)
Net Cash Provided by Financing Activities	275,592	278,278
INCREASE IN CASH AND CASH EQUIVALENTS	3,543,364	713,388
Cash and Cash Equivalents - Beginning of Year	1,518,227	804,839
CASH AND CASH EQUIVALENTS - OPERATING - END OF YEAR	\$ 5,061,591	\$ 1,518,227
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Capital Lease Executed for Copier	\$ 9,350	\$ -

See accompanying Notes to Financial Statements.

THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Bakken (the Organization) is a tax-exempt, charitable organization operating as a museum in Minneapolis, Minnesota. The Bakken Museum inspires a passion for innovation by exploring the potential for science, technology, and the humanities to make the world a better place. Building a community at the intersection of science, technology, health, and wellness, The Bakken aims to leverage the past to inspire the next generation of innovators to transform the future.

Financial Statement Presentation

The Bakken's financial statements are presented in accordance with the Statement of Financial Accounting Standards relating to *Accounting for Contributions Received and Contributions Made*, and *Financial Statements of Not-for-Profit Organizations*. Under the provisions of these standards, net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of The Bakken and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent resources over which the board of directors has discretionary control. Board designated amounts represent those revenues which the board has set aside for a particular purpose. The board has designated amounts for a reserve fund that is intended to be used for capital improvements, major projects, emergency repairs, special purposes, and other such purposes as the board shall determine.

Net Assets With Donor Restrictions – Net assets with donor restrictions represent resources whose use has been limited by donors to a specific purpose or time period. 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and release from restrictions when the assets are placed in service. 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.

The Organization had no perpetually restricted net assets at December 31, 2019 and 2018.

Cash and Cash Equivalents

Cash and cash equivalents include checking, savings, and money market funds. The Bakken places its temporary cash investments with one financial institution. At times, such balances are in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits.

Inventories

Inventories are valued at the lower of cost or net realizable value.

**THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges

Pledges receivable are stated at net realizable value. An allowance for doubtful accounts has been recorded in the amount of \$3,030 as of December 31, 2019 and 2018. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. This value is determined to be fair value and is calculated using an income approach of applying a discount rate technique in the year in which the pledge is received. Conditional pledges are not included as support until such times as the conditions are substantially met.

Contributions Receivable from Lead Trust

The Organization is the beneficiary of a charitable lead trust. The charitable lead trust provides for semiannual \$150,000 distributions for the longer of 20 years (beginning April 1997) or the life of the grantor and his wife. In 2018, the grantor passed away. At the end of the trust's term, the remaining assets will be distributed to the grantor's beneficiaries. The portion of the trust attributed to the future interest of the Organization was recorded in the statement of activities as with donor-restricted contributions in the period the trust was established. The contribution receivable by the Organization under the trust is recorded at the present value of the estimated future payments and is calculated using a discount rate of 8% and applicable mortality tables for his wife.

Investments

Investments consist of money market funds as of December 31, 2019. Investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or law. Donations received in the form of stocks, bonds, or other equities, will be recorded at the cash value equivalent at the time of donation. Sale of donated investments will be executed within a reasonable period after receipt.

Library and Museum Collections

The Library and Museum collections are comprised of various physical instruments, objects, and rare books. Collection items are stated at cost, if purchased, or at fair market value at date of receipt, if donated and if such items have a significant future benefit or economic value. Collection items are not depreciated.

Exhibits

Exhibit costs are expensed when incurred.

Property and Equipment

Land, building, fixtures, and equipment exceeding a capitalization threshold of \$1,000 are stated at cost if purchased or at fair market value at date of receipt if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, generally 3 to 25 years. Expenditures for maintenance and repairs are expensed as incurred.

THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

A substantial number of volunteers have donated over 2,888 and 4,571 hours of their time during 2019 and 2018, respectively, to The Bakken's program services. The value of this donated time has not been recognized in the statements of activities since it does not meet the standards of recognition under accounting principles generally accepted in the United States of America.

Advertising Expenses

Advertising costs are expensed when incurred. Advertising costs were \$64,524 and \$35,311 for the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of providing various program and supporting service activities have been summarized on a functional basis. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated generally on the amount of time spent by employees on each function. Accordingly, certain costs have been allocated across the program and supporting services that have benefited.

Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Tax Exempt Status

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 209.3. Charitable contributions by donors are tax deductible. The Organization follows guidance in the income tax standard regarding the recognition of uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization is not aware of any uncertain tax positions taken. The Organization's tax returns are subject to review and examination by federal and state authorities.

Fair Value Measurements

The Organization follows *Fair Value Measurements* standards that establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. The Organization accounts for its contribution receivable from lead trust at fair value. In accordance with the Fair Value Measurement standard, the Organization has categorized its contribution receivable from lead trust based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The standard describes three levels of inputs that may be used to measure fair value.

THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 1 – Inputs: quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Inputs: financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Inputs: unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing asset or liability (including risk assumptions) developed based on the best information available in the circumstances.

No assets or liabilities were measured at fair value at December 31, 2019 or 2018.

Contributions Revenue

Contributions received are recorded as support without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions. Conditional contributions and grants received but not yet earned are recorded as deferred revenue on the balance sheet.

Facility Use Fees

Facility use fees are recorded as deferred revenue upon receipt until the rental event has taken place, at which point the revenue is recognized.

Program Service Fees

Program service fees are made up of museum admission revenue, field trip revenue, camp event fees, and outreach revenue. Admission revenue is recognized as revenue upon the purchases of the ticket. Field trip, camp event and outreach revenue is recorded as deferred revenue upon receipt and recognized as revenue after the event has taken place.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effect on the change in net assets or total net assets as previously reported.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 14, 2020, the date the financials were available to be issued.

THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Principle

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization's financial statements reflect the application of ASU 2018-08 guidance beginning in fiscal year 2019. The adoption of ASU 2018-08 did not impact the Organization's reported revenue.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted a full retrospective approach to the ASU. There was no material impact on the Organization's financial position or changes in net assets upon adoption of the new standard.

NOTE 2 LIQUIDITY

The Bakken's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of education programs, exhibit development and maintenance, collections and public programs as well as the conduct of services undertaken to support those activities to be general expenditures. To help manage unanticipated liquidity needs, the Organization has an available line of credit in the amount of \$100,000 which it could draw upon, which is described in Note 6 of the financial statements.

THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 LIQUIDITY (CONTINUED)

As of December 31, 2019 and 2018, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 5,061,591	\$ 1,518,227
Accounts Receivable	18,920	35,484
Pledges Receivable	125,878	49,917
Lead Trust Receivable	<u>1,009,912</u>	<u>1,007,113</u>
Total Financial Assets	6,216,301	2,610,741
Less: Lead Trust Receivable with Liquidity Horizon Greater than One Year	(709,912)	(707,113)
Less: Pledges Receivable with Liquidity Horizon Greater than One Year	(101,512)	(18,550)
Donor Restricted Net Assets	<u>(734,970)</u>	<u>(1,209,184)</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 4,669,907</u>	<u>\$ 675,894</u>

NOTE 3 CONTRIBUTION RECEIVABLE FROM LEAD TRUST – RELATED PARTY

The Organization's contribution receivable from lead trust is categorized as follows:

<u>Year Ending December 31,</u>	<u>2019</u>	<u>2018</u>
2019	\$ -	\$ 300,000
2020	300,000	300,000
2021	300,000	300,000
2022	300,000	300,000
2023	<u>300,000</u>	<u>-</u>
Total Contributions Receivable	1,200,000	1,200,000
Less: Present Value Discount - 8%	(190,088)	(192,887)
Less: Current Portion of Contribution Receivable	<u>(300,000)</u>	<u>(300,000)</u>
Long-Term Portion of Contribution Receivable	<u>\$ 709,912</u>	<u>\$ 707,113</u>

THE BAKKEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable mainly consist of contributions from a limited number of foundations and contributions from fundraising events. Future receipts for the years ended December 31 are as follows:

<u>Year Ending December 31,</u>	<u>2019</u>	<u>2018</u>
2019	\$ -	\$ 31,367
2020	24,366	20,366
2021	110,700	3,700
2022	4,200	200
Total Pledges Receivable	<u>139,266</u>	<u>55,633</u>
Less: Allowance for Doubtful Accounts	(3,030)	(3,030)
Less: Present Value Discount	(10,358)	(2,686)
Less: Current Portion of Pledges Receivable	<u>(24,366)</u>	<u>(31,367)</u>
Long-Term Portion of Pledges Receivable	<u>\$ 101,512</u>	<u>\$ 18,550</u>

The imputed interest rate utilized for computing the discount for long-term pledges was 4.75% and 5.50% as of December 31, 2019 and 2018, respectively.

NOTE 5 PENSION PLAN

The Bakken currently offers a 403b Retirement Plan to all employees who work over 1,000 hours per year. Beginning in 2001, employer contributions to the plan comply with a match structure approved by the board, up to a maximum allowed match of 5%. Contributions to the plan totaled \$40,396 and \$31,481 for the years ended December 31, 2019 and 2018, respectively.

NOTE 6 LINE OF CREDIT

On February 8, 2019, the Organization entered into a \$100,000 revolving line of credit agreement. Interest accrues at .75% over the prime rate on the line of credit. The line of credit expires on February 1, 2020. All assets of the Organization served as collateral on the line of credit. There was \$-0- outstanding on the line of credit as of December 31, 2019 and 2018.

Subsequent to year-end, the Organization renewed their revolving line of credit and increased the limit to \$500,000 as of January 29, 2020. The line of credit expires on January 29, 2021.

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NOTE 7 NET ASSETS

With Donor Restricted Net Assets

Net assets with donor restrictions consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specified Purpose:		
Educational Programs	\$ 39,008	\$ 93,001
Sustainability Plan	695,962	1,101,183
Outreach	-	15,000
Total	<u>734,970</u>	<u>1,209,184</u>
Subject to the Passage of Time:		
Contribution Receivable from Lead Trust	1,009,912	1,007,113
Promises to Give that are Not Restricted by Donors, but Which are Restricted for Timing	<u>201,713</u>	<u>8,583</u>
Total	<u>1,211,625</u>	<u>1,015,696</u>
 Total Net Assets with Donor Restrictions	 <u><u>\$ 1,946,595</u></u>	 <u><u>\$ 2,224,880</u></u>

Restrictions Released

Net assets released from restrictions were as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Net Asset Releases:		
Educational Programs	\$ 192,994	\$ 414,948
Sustainability Plan	1,221,221	98,817
Time	120,872	527,922
Change in Contribution Receivable from Lead Trust	<u>300,000</u>	<u>300,000</u>
Total Net Assets Released	<u><u>\$ 1,835,087</u></u>	<u><u>\$ 1,341,687</u></u>

NOTE 8 CAPITAL LEASE OBLIGATIONS

During 2019, The Bakken entered into a new copier lease under a 60-month lease commencing on September 24, 2019 and expiring on August 24, 2024. The lease replaced a previous lease and provides for payments of \$187 per month. At December 31, 2019, the total capitalized costs of the equipment under the lease is \$9,350 and the accumulated depreciation is \$521.

Capital lease obligations consist of the following at December 31, 2019:

Present Value of Minimum Lease Payments	\$ 8,829
Less: Current Portion	<u>(1,642)</u>
Noncurrent Portion	<u><u>\$ 7,187</u></u>

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NOTE 8 CAPITAL LEASE OBLIGATIONS (CONTINUED)

Future minimum lease commitments under the capital lease consist of the following:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 2,249
2021	2,249
2022	2,249
2023	2,249
2024	1,498
Total	<u>10,494</u>
Less: Amount Representing Interest	1,665
Present Value of Minimum Lease Payments	<u><u>\$ 8,829</u></u>

NOTE 9 NOTES PAYABLE

The Organization signed a note payable for \$100,000 for the purchase of LED lighting. The note bears interest at 3.9% with a maturity on January 27, 2021. The LED lighting serves as the collateral on the note.

Scheduled maturities of the note payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 21,663
2021	1,831
Total	<u><u>\$ 23,494</u></u>

NOTE 10 RELATED PARTY TRANSACTIONS

One board member is an employee of a bank from which The Bakken does their primary banking. During 2019, the Organization received contributions from board members totaling \$114,176.

NOTE 11 CONCENTRATIONS

Total contribution revenue for the years ended December 31, 2019 and 2018 consists of approximately 89% and 78% from one donor, respectively.

As of December 31, 2019 and 2018, 91% and 89% of the Organization's receivables were from two donors and three donors, respectively.

If these receivables are not received, or if a significant reduction in the level of this support were to occur, it might have a significant effect on the Bakken's programs and activities.

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NOTE 12 SUBSEQUENT EVENTS

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. Specific to the Organization, COVID-19 may impact various parts of its 2020 operations and financial results including the following:

- During the period from January 1, 2020 through May 14, 2020 **May 14, 2020**, both domestic and international equity markets have experienced large declines. These losses are not included in the financial statements as of and for the year ended December 31, 2019.
- As required by Minnesota Executive Order, the Organization was required to be closed effective March 17th.
- The Organization applied for and received a \$313,373 Paycheck Protection Program loan at 1% interest on April 17, 2020. The loan matures on April 17, 2022 and monthly payments begin on November 17, 2020. The loan shall be used for payroll costs and facility costs and may be forgiven if certain criteria are met.

Management believes the Organization is taking appropriate actions to mitigate the negative financial impact. However, the full financial impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

Additionally, subsequent to year-end, the Organization entered into a construction contract for renovations to the museum. The agreement was signed on January 2, 2020 and the maximum contract commitment is for \$3,971,736.