

TREKKERS, INC.
REVIEWED FINANCIAL STATEMENTS
AUGUST 31, 2021

WILLIAM H. BREWER
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Trustees
Trekks, Inc.
Rockland, Maine

We have reviewed the accompanying financial statements of Trekks, Inc., (a non-profit organization) which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Trekks, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Bath, Maine

January 31, 2022



TREKKERS, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2021 AND 2020

	2021 TOTALS	2020 TOTALS
ASSETS		
CURRENT ASSETS:		
Cash (Note B)	\$ 286,506.60	\$ 253,468.93
Accounts Receivable	667.22	37.85
Gift Certificates	21.07	
Prepaid Expenses		4,722.91
Total Current Assets	<u>\$ 287,194.89</u>	<u>\$ 258,229.69</u>
PROPERTY, PLANT, AND EQUIPMENT (NOTE C):		
Land	\$ 118,839.00	\$ -
Building	74,395.00	
Buses	162,974.78	162,974.78
Equipment	64,602.21	38,484.40
Total Property, Plant, and Equipment	<u>\$ 420,810.99</u>	<u>\$ 201,459.18</u>
Less: Accumulated Depreciation	184,807.89	(177,959.89)
Net Property, Plant, and Equipment	<u>\$ 236,003.10</u>	<u>\$ 23,499.29</u>
OTHER ASSETS:		
Security Deposits	\$ -	\$ 1,850.00
Total Assets	<u><u>\$ 523,197.99</u></u>	<u><u>\$ 283,578.98</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Deferred Income	\$ 6,237.15	\$ 14,393.26
Accounts Payable	125.61	86.83
Credit Cards Payable	768.35	479.30
Payroll Taxes Payable	13.26	2,672.94
Accrued Payroll	15,737.54	17,795.01
Note Payable - Short-Term	7,135.12	120,400.00
Total Current Liabilities	<u>\$ 30,017.03</u>	<u>\$ 155,827.34</u>
LONG-TERM LIABILITIES:		
Note Payable - Long-Term	286,754.02	150,000.00
Total Liabilities	<u>\$ 316,771.05</u>	<u>\$ 305,827.34</u>
NET ASSETS:		
Without Donor Restrictions	\$ 163,588.57	\$ (57,970.81)
With Donor Restrictions (Note D)	42,838.37	35,722.45
Total Net Assets	<u>\$ 206,426.94</u>	<u>\$ (22,248.36)</u>
Total Liabilities and Net Assets	<u><u>\$ 523,197.99</u></u>	<u><u>\$ 283,578.98</u></u>

See accompanying notes and independent accountants' review report

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TREKKERS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2021 TOTALS	2020 TOTALS
REVENUES:				
Contribution	\$ 198,209.30	\$ 25,000.00	\$ 223,209.30	\$ 154,069.96
Grants	247,820.70		247,820.70	336,220.90
Contracts	34,324.25		34,324.25	33,333.34
Fundraisers	149,771.42		149,771.42	45,411.83
Other Income	31,080.00		31,080.00	33,959.91
Scholarship Fund Receipt		4,967.05	4,967.05	5,526.52
Interest Income	1,160.58		1,160.58	1,069.57
In-Kind Contributions	27,135.83		27,135.83	9,991.64
Participant Fees	60,970.57		60,970.57	56,907.49
Net Assets Released from Restrictions:				
Restrictions Satisfied by Payments	22,851.13	(22,851.13)		
Total Revenues	<u>\$ 773,323.78</u>	<u>\$ 7,115.92</u>	<u>\$ 780,439.70</u>	<u>\$ 676,491.16</u>
EXPENSES:				
Salaries and Wages	\$ 456,090.41	\$ -	\$ 456,090.41	\$ 486,890.09
Automobile Expense	8,273.00		8,273.00	5,840.98
Advertising	27,237.34		27,237.34	30,644.94
Program Expense	43,169.75		43,169.75	26,566.57
Depreciation and Amortization	6,848.00		6,848.00	4,616.00
Employee Benefits	45,041.91		45,041.91	50,230.74
Insurance	12,847.54		12,847.54	9,064.26
Miscellaneous	24,021.90		24,021.90	19,112.49
Office Expense	1,962.71		1,962.71	9,708.60
Postage	2,201.85		2,201.85	2,092.80
Printing and Reproduction	7,221.77		7,221.77	1,485.04
Professional Fees	4,358.00		4,358.00	12,321.38
Repairs and Maintenance	4,151.76		4,151.76	3,542.79
Scholarships	2,890.00		2,890.00	1,177.11
Supplies	3,588.36		3,588.36	960.49
Taxes - Payroll	35,991.65		35,991.65	41,189.09
Travel	813.09		813.09	2,206.86
Administrative Expense	76,262.38		76,262.38	54,662.92
Bad Debt Expense	1,973.11		1,973.11	5,362.07
Loss on Sale of Assets	625.91		625.91	402.24
In-Kind Expenses				1,779.56
Information Technology	2,023.96		2,023.96	2,794.45
Data Innovation	14,970.00		14,970.00	
Total Expenses	<u>\$ 782,564.40</u>	<u>\$ -</u>	<u>\$ 782,564.40</u>	<u>\$ 772,651.47</u>
OTHER INCOME (EXPENSE):				
PPP loan Forgiveness	\$ 230,800.00	\$ -	\$ 230,800.00	\$ -
Change in Net Assets	<u>\$ 221,559.38</u>	<u>\$ 7,115.92</u>	<u>\$ 228,675.30</u>	<u>\$ (96,160.31)</u>
Net Assets, September 1	(57,970.81)	35,722.45	(22,248.36)	73,911.95
Net Assets, August 31	<u>\$ 163,588.57</u>	<u>\$ 42,838.37</u>	<u>\$ 206,426.94</u>	<u>\$ (22,248.36)</u>

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Contributions	\$ 214,402.75	\$ 154,069.96
Grants	247,820.70	336,220.90
Contracts	34,324.25	33,333.34
Fundraisers	149,771.42	45,411.83
Other Income	31,080.00	33,959.91
Scholarship Fund Receipt	4,967.05	5,526.52
Interest Income	1,160.58	1,069.57
In-Kind Contributions	27,135.83	9,991.64
Participant Fees	60,970.57	56,907.49
PPP Forgiveness	230,800.00	
	<u>\$ 1,002,433.15</u>	<u>\$ 676,491.16</u>
EXPENDITURES:		
Program Services	\$ 312,099.34	\$ 311,081.40
Management and General	460,807.56	448,116.82
	<u>\$ 772,906.90</u>	<u>\$ 759,198.22</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 229,526.25</u>	<u>\$ (82,707.06)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	\$ (36,776.89)	\$ (20,111.56)
Proceeds from Sale of Investments	36,150.98	19,709.32
Purchase of Fixed Assets	(219,351.81)	(7,515.88)
	<u>\$ (219,977.72)</u>	<u>\$ (7,918.12)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Proceeds From Borrowing	\$ 256,400.00	\$ 270,400.00
Principal Payments on Debt	(232,910.86)	
	<u>\$ 23,489.14</u>	<u>\$ 270,400.00</u>
Increase in Cash	<u>\$ 33,037.67</u>	<u>\$ 179,774.82</u>
Cash Balance, January 1	253,468.93	73,694.11
Cash Balance, December 31	<u>\$ 286,506.60</u>	<u>\$ 253,468.93</u>
Increase (Decrease) in Net Assets (Exhibit B)	\$ 228,675.30	\$ (96,160.31)
Adjustments to Reconcile Net Income (Loss) to Net Cash		
Used in Operating Activities:		
Depreciation	6,848.00	4,616.00
Realized Loss	625.91	402.24
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Gift Certificates	(21.07)	
(Increase) Decrease in Accounts Receivable	(629.37)	6,817.58
(Increase) Decrease in Prepaid Expenses	4,722.91	(3,186.15)
Increase (Decrease) in Accounts Payable	327.83	(11,948.45)
Increase (Decrease) in Accrued Payroll and Taxes	(4,717.15)	12,425.84
(Increase) Decrease in Security Deposits	1,850.00	
Increase (Decrease) in Deferred Revenue	(8,156.11)	4,326.19
Net Cash Provided by (Used in) Operating Activities	<u>\$ 229,526.25</u>	<u>\$ (82,707.06)</u>

See accompanying notes and independent accountants' review report

TREKKERS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Purpose

Trekkers, Inc. is an exempt organization under Internal Revenue Code 501(c)(3). Trekkers, Inc. provides an outdoor-based mentoring program that connects young people with caring adults through expeditionary learning, community service and adventure-based education. Trekkers, Inc. follows students as they “graduate” from one program to the next along a six-year journey that starts in the 7th grade and continues until they graduate from high school.

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions:

These are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization and the Trustees.

Net Assets with Donor Restrictions:

These are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash

For purposes of the Statement of Cash Flows, the cash balance includes all checking and savings held by Trekkers, Inc.

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Accounts Receivable

Accounts Receivable are stated at the amount management expects to be collected based on Management’s assessment of the credit history with customers having outstanding balances and current relationships with them. It was concluded that realized losses on balances outstanding at year end will be immaterial and therefore no allowance for uncollectible accounts is considered necessary.

TREKKERS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

Property, Plant, and Equipment

It is Trekkers, Inc.'s policy to capitalize Property, Plant, and Equipment with a useful life greater than one year. Purchased Property, Plant, and Equipment is capitalized at cost. Donations of Property, Plant, and Equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire Property, Plant, and Equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Trekkers, Inc. reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Trekkers, Inc. reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property, Plant, and Equipment are depreciated using the modified accelerated cost recovery system.

Useful lives used for depreciation are as follows:

Equipment	5 to 7 Years
Buses	5 Years

Recent Accounting Pronouncements

Leases

In February 2016, the FASB issued ASU 2016-02, Leases. This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of companies that lease. The standard is for a dual-model approach; a lessee will account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both will be reported on the statement of financial position of the company for leases with a term exceeding 12 months. Lessors will see some changes, too, largely made to align with the revised lease model. For nonpublic companies, the new leasing standard will apply for fiscal years beginning after December 15, 2021. The standard requires retroactive application to previously issued financial statements for 2022 and 2021, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Contributed Nonfinancial Assets

In September, 2020, FASB issued ASU update No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This new standard will increase the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure to include disaggregation of contributed nonfinancial assets and qualitative information about the use of these assets as well as descriptions regarding restrictions, valuation techniques and fair value measurement. The new standard applies for years beginning after December 31, 2021. Management does not expect any significant impact on its financial statements.

Subsequent Events

As of January 31, 2022, the date the financial statements were available to be issued, management has reviewed events after August 31, 2021 and determined there were no material events requiring disclosure.

TREKKERS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE B - CASH:

At year-end the carrying amount of Trekkers, Inc.'s deposits (checking, certificates of deposit, and savings accounts) was \$286,239.70 and the bank balance was \$305,909.06. Of the bank balance, \$250,000.00 was covered by federal depository insurance and \$55,909.06 was uncollateralized.

NOTE C - PROPERTY, PLANT, AND EQUIPMENT:

The following is a summary of changes in the fixed asset accounts:

	BALANCE 9/1/20	ADDITIONS	DISPOSALS	BALANCE 8/31/21
Land	\$	\$ 118,839.00	\$	\$ 118,839.00
Building		74,395.00		74,395.00
Van	24,000.00			24,000.00
Lucy	58,974.02			58,974.02
Equipment	38,484.40	26,117.81		64,602.21
Daisy	80,000.76			80,000.76
Total	\$ 201,459.18	\$ 219,351.81	\$	\$ 420,810.99
Less: Accumulated Depreciation	(177,959.89)	(6,848.00)		(184,807.89)
Net Book Value	\$ 23,499.29	\$ 212,503.81	\$	\$ 236,003.10

NOTE D - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consisted of the following:

	8/31/21	8/31/20
Scholarship	\$ 10,423.12	\$ 8,346.07
Education	2,713.50	2,713.50
Bus Fund	15,198.12	15,198.12
Holiday Fund	19.51	19.51
Working Capital	4,454.12	4,454.12
Capacity Building		4,991.13
Data Innovation	30.00	
Capital Campaign	10,000.00	
	\$ 42,838.37	\$ 35,722.45

NOTE E - LINE OF CREDIT:

The Organization currently has a line of credit through First National Bank with an interest rate of 5.50%. There were no transfers from the credit line to checking for the year. There is no outstanding balance on the credit line as of August 31, 2021.

TREKKERS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE F - DONATED SERVICES:

The Organization has trained volunteer workers whose services are estimated at fair market value and are recorded as in-kind income and expense.

NOTE G - INCOME TAXES:

The Organization is exempt from income taxes on related business income under Section 501(c)(3) of the Internal Revenue Code.

Tax-exempt organizations could incur income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Under guidance issued by the Financial Accounting Standards Board, assets and liabilities are established for uncertain tax positions taken or positions expected to be taken on income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position. Estimated interest and penalties, if applicable, related to uncertain tax positions are included as a component of income tax expense.

The Organization has evaluated the position taken on its filed tax returns. The Organization has concluded no uncertain income tax positions exist at August 31, 2021. The Organization's tax years from 2018 through 2021 are open and subject to examination.

NOTE H - EMPLOYEE RETIREMENT BENEFITS:

Trekkers, Inc. offers a Simple IRA with an employer-match to all full-time employees after sixty days of continuous employment, provided that the Organization has sufficient resources. Employees may elect to have one, two, or three percent of wages matched by Trekkers, Inc. towards the Simple IRA Retirement Savings Plan. The Plan is managed by Edward Jones. During the fiscal year ending August 31, 2021 employees' contributions totaled \$15,937.91 and employer contributions totaled \$9,485.85. Last fiscal year ending August 31, 2020 employees' contributions totaled \$9,018.62 and employer contributions totaled \$5,658.72.

NOTE I - LONG-TERM DEBT:

The following is a summary of note transactions of Trekkers, Inc. for the year ended August 31, 2021:

	9/1/20	ADDITIONS	PAYMENTS	8/31/21
First National Bank - PPP	\$ 110,400.00	\$ 110,400.00	\$ 220,800.00	\$
Small Business Association	10,000.00		10,000.00	
Small Business Association	150,000.00			150,000.00
First National Bank - Mortgage		146,000.00	2,110.86	143,889.14
	<u>\$ 270,400.00</u>	<u>\$ 256,400.00</u>	<u>\$ 232,910.86</u>	<u>\$ 293,889.14</u>

First National Bank

Trekkers, Inc. received \$110,400.00 in Paycheck Protection Program funds. This loan has a forgivable portion that allows for full loan forgiveness if the company reaches certain forgiveness thresholds. The portion of the loan that is not forgivable is due within five years. In the current year the Organization was awarded an additional \$110,400.00 in PPP Loan Proceeds. These loans will be shown as a liability and will be recorded as revenue as the forgiveness portion of the loan is calculated. In the current year both of the PPP loans were forgiven.

TREKKERS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

NOTE I - LONG-TERM DEBT (CONT'D):

Small Business Association

Economic Injury Disaster Loan funds in the amount of \$10,000.00. This loan carries a 2.75% interest rate and is payable over 30 years. In the current fiscal year this loan was forgiven.

Small Business Association

Small Business Treasury Loan in the amount of \$150,000.00. This loan carries a 2.75% interest rate and is payable over 30 years.

First National Bank

Mortgage loan in the amount of \$146,000.00. This loan carries an interest of 4.00% over the first 60 months, afterwards the loan has a variable interest rate for 239 months.

The annual requirements to amortize notes payable as of August 31, 2021 are as follows:

YEAR ENDING AUGUST 31	PRINCIPAL	INTEREST	TOTAL
2022	\$ 7,135.12	\$ 9,860.60	\$ 16,995.72
2023	7,380.54	9,615.18	16,995.72
2024	7,634.70	9,361.02	16,995.72
2025	7,897.91	9,097.81	16,995.72
2026	8,170.52	8,825.20	16,995.72
2027-2031	45,295.33	39,683.27	84,978.60
2032-2036	53,734.02	31,244.58	84,978.60
2037-2041	63,806.45	21,172.15	84,978.60
2042-2046	67,324.73	9,052.42	76,377.15
Thereafter	25,509.82	2,424.18	27,934.00
	<u>\$ 293,889.14</u>	<u>\$ 150,336.41</u>	<u>\$ 444,225.55</u>

