

THORNE NATURE EXPERIENCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

TOGETHER WITH INDEPENDENT ACCOUNTANTS'
REVIEW REPORT

THORNE NATURE EXPERIENCE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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Taylor, Roth and Company, PLLC
Certified Public Accountants
working exclusively with nonprofit organizations

April 25, 2016

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Thorne Nature Experience
Boulder, Colorado

We have reviewed the accompanying financial statements of **Thorne Ecological Institute dba Thorne Nature Experience** (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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 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 the 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.

Accountants' 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.

Accountants' 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.

Report on Summarized Comparative Information

We have previously reviewed Thorne Nature Experience's 2014 financial statements and in our report dated April 23, 2015, stated that based on our procedures, we were not aware of any material modifications that should be made to the 2014 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. We are unaware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2014, for it to be consistent with the reviewed financial statements from which it has been derived.

Taylor, Roth and Company, PLLC
TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

THORNE NATURE EXPERIENCE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<u>Assets</u>					
Cash and cash equivalents	\$ 268,819	\$ 94,705	\$ 30,700	\$ 394,224	\$ 229,034
Accounts receivable (Note 3)	19,530	-	-	19,530	16,565
Grants and contributions receivable	400	-	-	400	1,600
Pledges receivable (Note 4)	-	-	92,100	92,100	122,800
Prepaid expenses	11,631	-	-	11,631	6,209
Inventory (Note 5)	2,410	-	-	2,410	3,520
Assets held by others (Note 6)	-	-	400,143	400,143	413,814
Property and equipment (Note 7)	60,333	-	-	60,333	72,196
Total assets	<u>\$ 363,123</u>	<u>\$ 94,705</u>	<u>\$ 522,943</u>	<u>\$ 980,771</u>	<u>\$ 865,738</u>
<u>Liabilities and net assets</u>					
Accounts payable	\$ 19,371	\$ -	\$ -	\$ 19,371	\$ 8,242
Accrued payroll liabilities	14,753	-	-	14,753	10,815
Deferred revenue	12,426	-	-	12,426	8,513
Capital lease obligation (Note 8)	3,187	-	-	3,187	5,062
Liabilities	<u>49,737</u>	<u>-</u>	<u>-</u>	<u>49,737</u>	<u>32,632</u>
<u>Net assets</u>					
Unrestricted					
Operating	313,386	-	-	313,386	248,846
Temporarily restricted (Note 9)	-	94,705	-	94,705	47,646
Permanently restricted (Note 6)	-	-	522,943	522,943	536,614
Total net assets	<u>313,386</u>	<u>94,705</u>	<u>522,943</u>	<u>931,034</u>	<u>833,106</u>
Total liabilities and net assets	<u>\$ 363,123</u>	<u>\$ 94,705</u>	<u>\$ 522,943</u>	<u>\$ 980,771</u>	<u>\$ 865,738</u>

See accompanying notes and independent accountants' review report

THORNE NATURE EXPERIENCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<u>Revenue and other support</u>					
Program fees	\$ 503,704	\$ -	\$ -	\$ 503,704	\$ 425,136
Foundations	72,300	51,010	-	123,310	313,870
Individual and board contributions	20,398	68,945	-	89,343	82,136
Government	2,750	63,746	-	66,496	61,291
Special events	31,256	33,920	-	65,176	41,865
Less: Direct event expenses	(10,554)	-	-	(10,554)	(9,540)
Corporate awards	28,851	19,000	-	47,851	37,305
Earned income product sales	1,480	-	-	1,480	1,316
Investment income (loss)	(24)	-	(5,022)	(5,046)	8,284
Other	37	-	-	37	-
In-kind contributions (Note 10)	28,872	-	-	28,872	27,585
Net assets released from restrictions (Note 11)	198,211	(189,562)	(8,649)	-	-
Total revenue and other support	877,281	47,059	(13,671)	910,669	989,248
<u>Expense</u>					
Total program services	683,189	-	-	683,189	634,659
Supporting services					
Administration	26,237	-	-	26,237	21,816
Fund-raising	103,315	-	-	103,315	77,106
Total expense	812,741	-	-	812,741	733,581
Change in net assets	64,540	47,059	(13,671)	97,928	255,667
Net assets, beginning of year	248,846	47,646	536,614	833,106	577,439
Net assets, end of year	<u>\$ 313,386</u>	<u>\$ 94,705</u>	<u>\$ 522,943</u>	<u>\$ 931,034</u>	<u>\$ 833,106</u>

See accompanying notes and independent accountants' review report

THORNE NATURE EXPERIENCE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	2015			2014	
	<u>Supporting Services</u>				
	Program Services	Manage- ment and General	Fund-raising	Total	Total
Salaries	\$ 360,508	\$ 16,497	\$ 65,740	\$ 442,745	\$ 410,513
Payroll taxes and benefits	74,236	1,930	6,924	83,090	76,987
Supplies	40,180	102	1,110	41,392	41,169
Contract labor	29,119	-	5,339	34,458	27,660
Transportation	31,705	33	226	31,964	24,339
Professional services	14,509	194	695	15,398	8,883
Marketing	14,993	29	2,262	17,284	8,220
Credit card processing fees	9,853	-	4,036	13,889	11,630
Rent	12,041	340	1,219	13,600	14,201
Accounting and audit fees	8,322	4,198	887	13,407	13,364
Computer and information technology	9,994	297	1,083	11,374	7,253
Gifts and donations	8,749	85	304	9,138	5,767
Training and development	7,725	199	849	8,773	5,806
Printing	7,372	127	457	7,956	13,368
Meals and entertainment	6,702	127	744	7,573	9,397
Event expenses	653	-	6,839	7,492	6,761
Repair and maintenance	6,641	26	94	6,761	8,765
Registration fees	6,050	-	-	6,050	4,160
Insurance	2,853	1,049	304	4,206	3,393
Postage	2,821	30	1,330	4,181	5,121
Licenses and permits	3,693	2	7	3,702	3,948
Telecommunications	3,075	85	305	3,465	2,705
Cost of goods sold	1,480	-	-	1,480	1,316
Website	1,310	30	108	1,448	2,040
Dues and subscriptions	175	5	488	668	319
Finance charges/interest	396	12	43	451	648
Sales tax	-	303	-	303	-
All other	222	7	24	253	161
	<u>665,377</u>	<u>25,707</u>	<u>101,417</u>	<u>792,501</u>	<u>717,894</u>
Depreciation	17,812	530	1,898	20,240	15,687
Total expenses	<u>\$ 683,189</u>	<u>\$ 26,237</u>	<u>\$ 103,315</u>	<u>\$ 812,741</u>	<u>\$ 733,581</u>

See accompanying notes and independent accountants' review report

THORNE NATURE EXPERIENCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	<u>2015</u>	<u>2014</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 97,928	\$ 255,667
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	20,240	15,687
Unrealized/realized (gain) loss on investments	4,624	(7,510)
Contributions restricted for long term purposes	-	(135,925)
Loss on disposal of fixed asset	-	85
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(2,965)	3,375
(Increase)decrease in grants and contributions receivable	1,200	(1,600)
(Increase)decrease in pledges receivable	30,700	(122,800)
(Increase)decrease in prepaid expenses	(5,422)	(1,782)
(Increase)decrease in inventory	1,110	(954)
(Decrease)increase in accounts payable	11,129	(4,889)
(Decrease)increase in accrued payroll liabilities	3,938	2,267
(Decrease)increase in deferred revenue	3,913	(5,875)
Net cash provided(used) by operating activities	<u>166,395</u>	<u>(4,254)</u>
<u>Cash flows from investing activities</u>		
(Purchases) of fixed assets	(8,377)	(18,541)
(Reinvestment) of interest and dividends	(5,919)	(4,822)
Administrative and investment management fees	6,317	4,202
(Purchase) of investments	-	(135,925)
Proceeds from sales of marketable securities	8,649	8,471
Net cash provided(used) by investing activities	<u>670</u>	<u>(146,615)</u>
<u>Cash flows from financing activities</u>		
(Repayments) on capital lease obligation	(1,875)	(1,698)
Contributions restricted for permanent endowment	-	135,925
Net cash provided(used) by financing activities	<u>(1,875)</u>	<u>134,227</u>
Net increase(decrease) in cash and cash equivalents	165,190	(16,642)
Cash and cash equivalents, beginning of year	<u>229,034</u>	<u>245,676</u>
Cash and cash equivalents, end of year	<u>\$ 394,224</u>	<u>\$ 229,034</u>
<u>Noncash investing and financing transactions:</u>		
Cash paid during the period for interest	<u>\$ 451</u>	<u>\$ 648</u>

See accompanying notes and independent accountants' review report

THORNE NATURE EXPERIENCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - NATURE OF ACTIVITIES

Thorne Nature Experience (Organization) was incorporated as a non-profit corporation in the state of Colorado. Thorne Ecological Institute dba Thorne Nature Experience has been granted tax-exempt status from the Internal Revenue Service in accordance with section 501(c)(3) of the Internal Revenue Code. The Organization's mission is to build Earth Stewardship by connecting youth to nature through joyful, place-based, hands-on environmental education experiences. The Organization's activities are based in Boulder, Colorado and primarily consist of youth education programs. The Organization is primarily supported by program fees, foundation awards, and individual and board contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities, as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

5. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements. The Organization's Federal Return of Organization Exempt From Income Tax (Form 990) is subject to examination by the IRS, generally for three years after filing.

8. Functional Reporting of Expenses

For the year ended December 31, 2015, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

9. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

10. Fair Value Measurements

The Organization is subject to the provisions of the Fair Value Measurements and Disclosures accounting standard. This standard requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

11. Subsequent Events

Management has evaluated subsequent events through April 25, 2016, the date the financial statements were available to be issued.

NOTE 3 - ACCOUNTS RECEIVABLE

At year-end, accounts receivable consists almost entirely of contracts with schools. Management has evaluated these items and does not believe an allowance for doubtful accounts is needed.

NOTE 4 - PLEDGES RECEIVABLE – PERMANENTLY RESTRICTED

The Organization has received pledges receivable from individuals as well as foundations restricted to the Oak Thorne Vision Fund (Note 6). Management has evaluated these items and does not believe an allowance for doubtful accounts is needed. Management also believes a present value discount would not be material to the financial statements. At year-end, pledges receivable were:

<u>Year</u>	<u>Amount</u>
2016	\$ 30,700
2017	30,700
2018	<u>30,700</u>
Total	<u>\$ 92,100</u>

NOTE 5 - INVENTORY

Inventory, valued at the lower of cost or market consists of branded apparel and clothing held for sale to the public and use in organizational programs.

NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS – PERMANENTLY RESTRICTED NET ASSETS

The Organization has established two endowment funds through The Community Foundation Serving Boulder County. The Organization has the option to withdraw annual income as well as principle from the first endowment. However, the original intent of the donors was to keep the funds permanently restricted and for this reason, the Organization has classified them as permanently restricted. Under the terms of the second agreement (Oak Thorne Vision Fund), the Organization has the option of requesting a distribution of up to 20% of the value of the Fund in any year. The balance of these funds at December 31, 2015 was \$101,041 and \$236,016 respectively.

Additionally, the Organization has established an endowment fund through the Denver Foundation. Under the terms of the agreement, the Foundation shall pay 6% of the market value of the fund, less administrative fees, at least annually to the Organization, unless the Organization declines the distribution. The balance of the endowment investments at December 31, 2015 was \$63,086.

Additionally, The Community Foundation Serving Boulder County accepts donations that are designated on behalf of the Organization. The balance of these funds, which is not reflected on the Statement of Financial Position was \$9,670 at year-end.

NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS – PERMANENTLY RESTRICTED NET ASSETS (Concluded)

Changes in endowment fund balances (Level 3 inputs) as of December 31, 2015 are as follows:

<u>Description</u>	<u>Amount</u>
Balance, beginning of year	\$ 413,814
Dividend and interest income	5,919
Net appreciation (depreciation)	(4,624)
Management fees	<u>(6,317)</u>
Total investment return	<u>(5,022)</u>
Distributions	<u>(8,649)</u>
Balance, end of year	<u>\$ 400,143</u>

As noted on the Statement of Financial Position, there was \$30,700 in permanently restricted cash and cash equivalents at year-end. The Organization will transfer this amount to the Oak Thorne Vision Fund in fiscal year 2016. Also, as discussed in Note 4, the \$92,100 in pledges receivable are restricted for the Oak Thorne Vision Fund. The year-end endowment fund balance together with year-end permanently restricted cash and cash equivalents, and pledges receivable brings permanently restricted net assets to a total of \$522,943 at December 31, 2015.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Landscape improvements	\$ 57,158
Furniture and fixtures	43,322
Leased equipment	9,352
Computer equipment	8,591
Program equipment	<u>8,080</u>
Total	126,503
Less: accumulated depreciation	<u>(66,170)</u>
Net property and equipment	<u>\$ 60,333</u>

Depreciation expense for the year was \$20,240.

NOTE 8 - CAPITAL LEASE OBLIGATION

The Organization has acquired a photocopier under a capital lease agreement. Under this agreement future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 2,297
2017	<u>1,148</u>
Total payments	3,445
Less: interest	<u>(258)</u>
Present value of capital lease obligation	<u>\$ 3,187</u>

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted nets assets are available for the following purposes:

<u>Description</u>	<u>Amount</u>
School program	\$ 45,817
Summer camp	41,404
Marsh	<u>7,484</u>
Total	<u>\$ 94,705</u>

NOTE 10 - IN-KIND CONTRBUTIONS

Donated services and supplies are reflected in the accompanying financial statements at their estimated values at the date of receipt.

<u>Description</u>	<u>Amount</u>
Rent	\$ 13,000
Advertising/marketing	6,116
Food for summer camp and/or school program	4,697
Buses for students	3,075
Professional services	705
Supplies	585
Printing	550
IT services	<u>144</u>
Total	<u>\$ 28,872</u>

The Organization has entered into an agreement with the Boulder Valley School District (BVSD) to use office space owned by the District. Under the terms of that agreement, Thorne is permitted to use the space free of charge in exchange for in-kind environmental education services that benefit BVSD and the city of Boulder. The lease began August 15, 2001 and may continue until July 1, 2019 unless one year's notice is provided to the Organization that they must vacate the building.

NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by satisfying the following restricted purposes:

<u>Description</u>	<u>Amount</u>
School program	\$ 110,650
Summer camp	63,928
Marsh	14,984
Endowment transfers	<u>8,649</u>
Total	<u>\$ 198,211</u>

NOTE 12 - PENSION PLAN

The Organization has adopted a 403(b) plan covering all eligible employees. The Organization matches contributions up to 3% of participants' compensation. Total pension expense during the year was \$8,902.

NOTE 13 - CONCENTRATION OF CREDIT RISK

The Organization places most of its cash with one financial institution. Amounts over \$250,000 are not insured by the FDIC or related entity.

NOTE 14 - RELATED PARTY TRANSACTIONS

Board members are not paid for their board functions; however, one board member performed contractual services related to the Latino Parent Advisory Group in 2015 and received payments totaling \$1,500.