

# **THORNE NATURE EXPERIENCE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**THORNE NATURE EXPERIENCE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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May 29, 2020

Independent Auditors' Report

Board of Directors  
Thorne Nature Experience  
Boulder, Colorado

We have audited 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, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

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

***Report on Summarized Comparative Information***

We have previously audited Thorne Nature Experience's 2018 financial statements presented by net asset class for that year, on which an unqualified audit opinion dated May 20, 2019, was expressed. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial information from which it has been derived.

*Taylor R Roth and Company P/C*  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
DENVER COLORADO

**THORNE NATURE EXPERIENCE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

	2019	2018
<u>Assets</u>		
Cash and cash equivalents	\$ 1,046,211	\$ 1,099,237
Accounts receivable (Note 3)	192,369	14,738
Grants receivable (Note 4)	328,000	60,000
Pledges receivable	-	500
Prepaid expenses	20,758	21,647
Inventory (Note 5)	1,342	2,350
Assets held by others (Note 6)	1,198,211	1,036,664
Property and equipment (Note 7)	62,564	23,116
Total assets	\$ 2,849,455	\$ 2,258,252
 <u>Liabilities and net assets</u>		
Accounts payable	\$ 39,373	\$ 12,112
Accrued payroll liabilities	35,229	33,878
Deferred revenue	34,756	39,237
Capital lease obligation (Note 8)	4,380	6,022
Commitments (Note 9)		
Liabilities	113,738	91,249
 Net assets		
Without donor restrictions	553,763	415,940
With donor restrictions (Note 10)	2,181,954	1,751,063
Total net assets	2,735,717	2,167,003
Total liabilities and net assets	\$ 2,849,455	\$ 2,258,252

The accompanying are an integral part of these financial statements

**THORNE NATURE EXPERIENCE**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundations	\$ 250,241	\$ 453,048	\$ 703,289	\$ 227,875
Government	1,501	683,423	684,924	657,453
Program fees	606,870	-	606,870	531,629
Investment income (loss)	5,333	170,144	175,477	(57,603)
Individual and board contributions	146,249	20,000	166,249	163,480
Corporate awards	37,769	75,300	113,069	48,085
Special events	89,758	-	89,758	99,669
Less: Direct event expenses	(23,014)	-	(23,014)	(16,316)
Earned income product sales	1,050	-	1,050	1,580
Other	777	-	777	-
In-kind contributions (Note 11)	101,432	-	101,432	99,235
Net assets released from restrictions (Note 12)	971,024	(971,024)	-	-
Total revenue and other support	<u>2,188,990</u>	<u>430,891</u>	<u>2,619,881</u>	<u>1,755,087</u>
<u>Expense</u>				
Program services	1,843,379	-	1,843,379	1,550,825
Supporting services				
Management and general	87,862	-	87,862	46,573
Fund-raising	119,926	-	119,926	126,629
Total expense	<u>2,051,167</u>	<u>-</u>	<u>2,051,167</u>	<u>1,724,027</u>
Change in net assets	137,823	430,891	568,714	31,060
Net assets, beginning of year	<u>415,940</u>	<u>1,751,063</u>	<u>2,167,003</u>	<u>2,135,943</u>
Net assets, end of year	<u>\$ 553,763</u>	<u>\$2,181,954</u>	<u>\$2,735,717</u>	<u>\$2,167,003</u>

The accompanying notes are an integral part of these financial statements

## THORNE NATURE EXPERIENCE

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019 (WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018	
	Supporting Services				
	Program Services	Manage- ment and General	Fund-raising	Total	Total
Salaries	\$ 734,193	\$ 45,483	\$ 78,467	\$ 858,143	\$ 756,433
Payroll taxes and benefits	170,110	6,199	10,656	186,965	159,526
Passthrough grants to others	483,362	-	-	483,362	326,195
Nature Kids expenses	86,565	-	-	86,565	56,101
Supplies	70,652	313	633	71,598	49,903
Rent	48,415	915	1,560	50,890	45,503
Marketing	39,366	8,133	3,000	50,499	37,661
Transportation	47,681	10	172	47,863	61,602
Contract labor	24,692	-	5,847	30,539	38,941
Accounting and audit fees	-	21,584	-	21,584	26,253
Computer and information technology	15,066	471	802	16,339	12,786
Event expenses	1,803	-	11,450	13,253	13,565
Training and development	11,992	345	589	12,926	16,980
Credit card processing fees	10,516	2	1,234	11,752	10,029
Volunteer support	11,451	49	85	11,585	7,866
Printing	10,805	198	338	11,341	12,636
Meals and entertainment	8,411	302	666	9,379	9,280
Repair and maintenance	7,987	97	165	8,249	13,496
Gifts and donations	7,402	271	483	8,156	9,488
Licenses and permits	7,710	-	1	7,711	7,501
Registration fees	6,900	-	-	6,900	6,900
Professional services	5,895	112	193	6,200	2,700
Postage	4,444	46	1,375	5,865	4,793
Insurance	3,238	1,093	234	4,565	4,358
Telecommunications	3,644	144	245	4,033	3,652
Website	1,520	53	90	1,663	1,246
Dues and subscriptions	1,317	40	305	1,662	1,509
Finance charges/interest	399	17	28	444	776
All other	2,243	16	228	2,487	2,059
	<u>1,827,779</u>	<u>85,893</u>	<u>118,846</u>	<u>2,032,518</u>	<u>1,699,738</u>
Depreciation	15,600	1,969	1,080	18,649	24,289
Total expenses	<u>\$ 1,843,379</u>	<u>\$ 87,862</u>	<u>\$ 119,926</u>	<u>\$2,051,167</u>	<u>\$ 1,724,027</u>

The accompanying notes are an integral part of these financial statements

**THORNE NATURE EXPERIENCE**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 568,714	\$ 31,060
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	18,649	24,289
Unrealized/realized (gain) loss on investments	(156,988)	68,718
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(177,631)	8,571
(Increase)decrease in grants and contributions receivable	(268,000)	170,000
(Increase)decrease in pledges receivable	500	30,000
(Increase)decrease in prepaid expenses	889	(7,923)
(Increase)decrease in inventory	1,008	(1,910)
(Decrease)increase in accounts payable	27,261	(43,852)
(Decrease)increase in accrued payroll liabilities	1,351	13,242
(Decrease)increase in deferred revenue	(4,481)	22,917
Net cash provided(used) by operating activities	<u>11,272</u>	<u>315,112</u>
<u>Cash flows from investing activities</u>		
(Purchases) of fixed assets	(58,097)	(2,500)
(Reinvestment) of interest and dividends	(13,156)	(9,465)
Proceeds from sales of marketable securities	8,597	39,217
Net cash provided(used) by investing activities	<u>(62,656)</u>	<u>27,252</u>
<u>Cash flows from financing activities</u>		
(Repayments) on capital lease obligation	(1,642)	(1,515)
(Purchase) of donor restricted investments	-	(29,500)
Net cash provided(used) by financing activities	<u>(1,642)</u>	<u>(31,015)</u>
Net increase(decrease) in cash and cash equivalents	(53,026)	311,349
Cash and cash equivalents, beginning of year	<u>1,099,237</u>	<u>787,888</u>
Cash and cash equivalents, end of year	<u>\$ 1,046,211</u>	<u>\$ 1,099,237</u>
<u>Noncash investing and financing transactions:</u>		
Cash paid during the period for interest	<u>\$ 444</u>	<u>\$ 776</u>

The accompanying notes are an integral part of these financial statements



**THORNE NATURE EXPERIENCE**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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 primarily in Boulder County, Colorado and consists of youth education programs. The Organization is primarily supported by government contracts, program fees, foundation awards, and gifts from individuals.

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 two classes of net assets:

Net assets without donor restrictions: 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's management and board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that 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.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

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.

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

4. 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.

5. 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.

6. 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.

7. Functional Reporting of Expenses

For the year ended December 31, 2019, 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. The allocations are determined by management on a rational and systematic basis. All expenses are allocated on a time and effort basis.

8. 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, 2018, from which the summarized information was derived.

9. New Accounting Pronouncement

The Organization adopted Accounting Standards Update (ASU) No. 2018-08 – Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605). The standards update provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The Organization does not believe the application of the provisions of the standards update materially changed the recognition of contributions received during the year.

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

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 the 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 May 29, 2020, the date the financial statements were available to be issued.

12. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 3 - ACCOUNTS RECEIVABLE

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

NOTE 4 - GRANTS RECEIVABLE

The Organization was awarded two multi-year foundation awards that have remaining payments. Management has evaluated these awards and has determined that no allowance for doubtful accounts is needed and that a discount to present value for these payments would be immaterial to the financial statements. Payments on these awards are expected as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 136,000
2021	<u>192,000</u>
Total	<u>\$ 328,000</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

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 principal from the first endowment. 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, 2019 was \$105,110 and \$1,025,615 respectively.

The Organization has established a third endowment fund through the Denver Foundation. Under the terms of the agreement, the Foundation shall pay 5.5% 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, 2019 was \$67,486.

The original intent of the donors to all three funds was to preserve the fair value of their original gifts in perpetuity. Each year, Thorne request an annual disbursement from its two traditional endowment funds in the amount of 5% of the market value of the funds held by the Boulder Community Foundation and 5.5% of the market value of the funds held by the Denver Foundation. For the Oak Thorn Vision Fund, which is held by the Boulder Community Foundation, each year, the Thorne Board has the choice to request a disbursement of up to 20% of the corpus of the fund for a special purpose. Possible examples of a special purpose are a capital campaign, strategic investments in programs, and capital improvements.

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 \$10,059 at year-end. Changes in endowment fund balances (Level 3 inputs) as of December 31, 2019 are as follows:

	<u>Donor Restricted – Level 3</u>			
	<u>Community Foundation Serving Boulder County</u>		<u>Denver Foundation</u>	<u>Total</u>
	<u>General</u>	<u>Oak Thorne</u>		
Balance, beginning of year	<u>\$ 95,233</u>	<u>\$ 879,465</u>	<u>\$ 61,966</u>	<u>\$ 1,036,664</u>
Contributions/additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment income	2,263	22,386	2,202	26,851
Net appreciation	<u>12,893</u>	<u>123,764</u>	<u>6,636</u>	<u>143,293</u>
Total investment return	<u>15,156</u>	<u>146,150</u>	<u>8,838</u>	<u>170,144</u>
Appropriation of assets for expenditure/maturity of investments	<u>(5,279)</u>	<u>-</u>	<u>(3,318)</u>	<u>(8,597)</u>
Balance, end of year	<u>\$ 105,110</u>	<u>\$ 1,025,615</u>	<u>\$ 67,486</u>	<u>\$ 1,198,211</u>

The fair value of assets associated with individual donor restricted endowment funds may occasionally fall below the level that the donor or the State Prudent Management of Institutional Funds Act requires the Organization to retain as a fund of perpetual duration.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Program equipment	\$ 81,126
Landscape improvements	57,158
Furniture and fixtures	30,434
Leased equipment	<u>8,824</u>
Total	177,542
Less: accumulated depreciation	<u>(114,978)</u>
Net property and equipment	<u>\$ 62,564</u>

Depreciation expense for the year was \$18,649.

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>
2020	\$ 2,064
2021	2,064
2022	<u>688</u>
Total payments	4,816
Less: interest	<u>(436)</u>
Present value of capital lease obligation	<u>\$ 4,380</u>

NOTE 9 - COMMITMENTS

The Organization entered into an operating lease for program office space in Lafayette, Colorado. Under the terms of the agreement future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2020	<u>\$ 8,400</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Endowment	\$ 1,198,211
Nature Kids	739,715
Nature preschool	215,836
School program	18,192
E-movement	<u>10,000</u>
Total	<u>\$ 2,181,954</u>

NOTE 11 - 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	\$ 42,370
Advertising/marketing	28,227
Program services	9,879
Food for summer camp and/or school program	6,711
Supplies	6,099
Program materials	4,984
Event expenses	3,082
Permits	<u>80</u>
Total	<u>\$ 101,432</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 through various supplemental agreements would continue until at least December 31, 2020, unless one year's notice is provided to the Organization that they must vacate the building.

NOTE 12 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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

<u>Description</u>	<u>Amount</u>
Nature Kids	\$ 643,930
Nature Preschool	184,164
School program	56,533
Field trip program	34,496
Summer camp	20,456
E-Movement	17,000
Appropriations/refund from endowment funds	8,597
Oakleigh Thorne documentary	5,048
Other	<u>800</u>
Total	<u>\$ 971,024</u>

NOTE 13 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2019:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 1,046,211
Accounts receivable	192,369
Grants receivable	<u>328,000</u>
Total financial assets	1,566,580
Less: amounts not available for general expenditures within one year, due to:	
Grant receivable not due with one year	(192,000)
Donor purpose restrictions	<u>(983,743)</u>
Total financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 390,837</u>

The Organization's goal is generally to maintain financial assets to meet three months of operating expenses not including summer camp and pass-through expenses.

NOTE 14 - PENSION PLAN

The Organization has adopted a 403(b) plan covering all eligible employees. The Organization matches contributions up to 4.5% of participants' compensation. Total pension expense during the year was \$22,797.

NOTE 15 - CONCENTRATION OF CREDIT RISK

The Organization places its cash with one financial institution. Amounts over \$250,000 are not insured by the FDIC or related entity. At year-end, the Organization has \$524,864 on deposit in checking and money market accounts. Additionally, the Organization has \$521,144 in a sweep account, which is fully insured. Management has evaluated the strength of the financial institution and its banking needs and feels that it is prudent to continue its existing banking relationship.

NOTE 16 - CONCENTRATION OF SUPPORT

In 2019, \$597,315 or about 23% of the Organization's support was provided by one government award. Of this amount, \$334,642 was provided for the purpose of pass-through grants to other organizations.

NOTE 17 - SUBSEQUENT EVENT

On January 30, 2020 the World Health Organization declared the COVID-19 outbreak a public health emergency and subsequently a pandemic on March 11, 2020. The Organization is currently assessing the potential impact of the COVID-19 pandemic upon the Organization. At this time an estimate of the impact upon the Organization's future financial statements cannot be made.

The Organization submitted a loan application under the Paycheck Protection Program to cover payroll and benefit costs. On April 15, 2020, the Organization received loan proceeds of \$198,300. The Program provides for loan forgiveness if the Organization is able to meet certain employee retention and salary requirements