

THORNE NATURE EXPERIENCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

THORNE NATURE EXPERIENCE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

April 13, 2023

INDEPENDENT AUDITORS' REPORT

Board of Directors
Thorne Nature Experience
Boulder, Colorado

Opinion

We have audited the accompanying financial statements of **Thorne Nature Experience**, (a Colorado nonprofit corporation), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Summarized Comparative Information

We have previously audited Thorne Nature Experience's 2021 financial statements for the twenty-month period ended August 31, 2021 and expressed an unqualified audit opinion dated March 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial information from which it has been derived.

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

THORNE NATURE EXPERIENCE
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
<u>Assets</u>		
Cash and cash equivalents	\$ 1,648,970	\$ 1,590,317
Accounts receivable	246,514	166,361
Grants receivable (Note 3)	500,000	732,312
Prepaid expenses	38,428	33,524
Inventory	1,963	-
Assets held by others (Note 4)	1,257,204	1,453,547
Property and equipment (Note 5)	1,285,144	91,439
Total assets	\$ 4,978,223	\$ 4,067,500
 <u>Liabilities and net assets</u>		
Accounts payable	\$ 80,635	\$ 85,165
Accrued payroll liabilities	60,646	53,789
Deferred revenue	203,970	198,855
Capital lease obligation	-	1,336
Small Business Administration (SBA) loan payable (Note 6)	150,000	-
Liabilities	495,251	339,145
 Net assets		
Without donor restrictions	1,709,102	1,432,271
With donor restrictions (Note 7)	2,773,870	2,296,084
Total net assets	4,482,972	3,728,355
Total liabilities and net assets	\$ 4,978,223	\$ 4,067,500

The accompanying are an integral part of these financial statements

THORNE NATURE EXPERIENCE
STATEMENT OF ACTIVITIES
AUGUST 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			20 months
	Without Donor Restrictions	With Donor Restrictions	Total	2021
<u>Revenue and other support</u>				
Program fees	\$ 1,153,735	\$ -	\$1,153,735	\$1,033,817
Government	18,091	824,481	842,572	1,574,579
Foundations	168,194	617,000	785,194	661,725
Individual and board contributions	159,389	49,900	209,289	311,074
Corporate awards	56,931	56,400	113,331	90,146
Special events	63,045	-	63,045	87,430
Less: Direct event expenses	(3,976)	-	(3,976)	-
Investment income (loss)	7,981	(187,377)	(179,396)	269,686
Other	1,325	-	1,325	(6,375)
In-kind contributions (Note 8)	51,711	-	51,711	137,806
Net assets released from restrictions (Note 9)	882,618	(882,618)	-	-
Total revenue and other support	2,559,044	477,786	3,036,830	4,159,888
<u>Expense</u>				
Program services	1,922,435	-	1,922,435	2,721,815
Supporting services				
Management and general	166,844	-	166,844	195,575
Fund-raising	192,934	-	192,934	249,860
Total expense	2,282,213	-	2,282,213	3,167,250
Change in net assets	276,831	477,786	754,617	992,638
Net assets, beginning of year	1,432,271	2,296,084	3,728,355	2,735,717
Net assets, end of year	\$ 1,709,102	\$2,773,870	\$4,482,972	\$3,728,355

The accompanying notes are an integral part of these financial statements

THORNE NATURE EXPERIENCE
STATEMENT OF FUNCTIONAL EXPENSES
AUGUST 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			20 months 2021	
	Supporting Services				
	Program Services	Manage- ment and General	Fund-raising	Total	Total
Salaries and wages	\$ 999,490	\$ 106,761	\$ 137,243	\$1,243,494	\$ 1,725,927
Payroll taxes and benefits	235,615	16,643	13,031	265,289	364,372
Passthrough grants to others	167,100	-	3,000	170,100	268,653
Nature Kids expenses	101,685	-	-	101,685	174,020
Rent	86,323	1,932	2,160	90,415	140,935
Supplies	53,521	576	463	54,560	124,712
Contract labor	39,875	-	5,741	45,616	48,132
Transportation	41,663	90	425	42,178	12,006
Accounting and audit fees	-	29,463	-	29,463	28,940
Credit card processing fees	26,871	21	2,269	29,161	26,284
Gifts and donations	21,501	1,603	1,508	24,612	28,217
Repair and maintenance	20,311	518	416	21,245	10,960
Computer and information technology	17,231	1,475	1,184	19,890	20,101
Marketing	14,127	2,253	1,115	17,495	43,304
Printing	11,156	537	4,038	15,731	5,567
Meals and entertainment	11,365	809	1,027	13,201	13,570
Licenses and permits	10,305	65	63	10,433	11,346
Event expenses	1,576	-	3,349	4,925	6,654
Volunteer support	7,687	133	106	7,926	4,338
Registration fees	7,140	-	-	7,140	14,280
Training and development	5,920	319	256	6,495	13,482
Telecommunications	5,606	459	369	6,434	6,986
Insurance	3,377	1,276	254	4,907	8,510
Postage	3,109	111	930	4,150	3,352
Professional services	2,778	207	416	3,401	17,850
All other	2,517	153	12,414	15,084	12,798
	<u>1,897,849</u>	<u>165,404</u>	<u>191,777</u>	<u>2,255,030</u>	<u>3,135,296</u>
Depreciation	<u>24,586</u>	<u>1,440</u>	<u>1,157</u>	<u>27,183</u>	<u>31,954</u>
Total expenses	<u>\$ 1,922,435</u>	<u>\$ 166,844</u>	<u>\$ 192,934</u>	<u>\$2,282,213</u>	<u>\$ 3,167,250</u>

The accompanying notes are an integral part of these financial statements

THORNE NATURE EXPERIENCE
STATEMENT OF CASH FLOWS
AUGUST 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	20 months 2021
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 754,617	\$ 992,638
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	27,183	31,954
Unrealized/realized (gain) loss on investments	196,361	(252,809)
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(80,153)	26,008
(Increase)decrease in grants and contributions receivable	232,312	(404,312)
(Increase)decrease in pledges receivable	-	-
(Increase)decrease in prepaid expenses	(4,904)	(12,766)
(Increase)decrease in inventory	(1,963)	1,342
(Decrease)increase in accounts payable	(4,530)	45,792
(Decrease)increase in accrued payroll liabilities	6,857	18,560
(Decrease)increase in deferred revenue	5,115	164,099
Net cash provided(used) by operating activities	1,130,895	610,506
<u>Cash flows from investing activities</u>		
(Purchases) of fixed assets	(1,220,888)	(60,829)
(Reinvestment) of interest and dividends	(8,984)	(8,586)
Proceeds from sales of marketable securities	8,966	16,059
Net cash provided(used) by investing activities	(1,220,906)	(53,356)
<u>Cash flows from financing activities</u>		
(Repayments) on capital lease obligation	(1,336)	(3,044)
Proceeds from loan payable	150,000	-
(Purchase) of donor restricted investments	-	(10,000)
Net cash provided(used) by financing activities	148,664	(13,044)
Net increase(decrease) in cash and cash equivalents	58,653	544,106
Cash and cash equivalents, beginning of year	1,590,317	1,046,211
Cash and cash equivalents, end of year	\$ 1,648,970	\$ 1,590,317
<u>Noncash investing and financing transactions:</u>		
Cash paid during the period for interest	\$ 43	\$ 400

The accompanying notes are an integral part of these financial statements

THORNE NATURE EXPERIENCE
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

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 program fees, government contracts, 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, except those amounts that are held in the investment portfolio which are invested for long-term purposes.

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 \$5,000. 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 August 31, 2022, 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. 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.

9. Summarized Prior-Year Information

The financial statements include certain prior year summarized comparative information, for a twenty-month period, 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 August 31, 2021, 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 13, 2023, the date the financial statements were available to be issued.

NOTE 3 - GRANTS RECEIVABLE

During the fiscal year, the Organization received notification of one multi-year award restricted to the LNC Capital Campaign. The entirety of grants receivable is from this one family foundation. Disbursements that are scheduled to be received in future years are not discounted because the amount would not be material to these financial statements. Management has evaluated this item and does not believe an allowance for doubtful accounts is needed. The remaining amount of the award is to be received as follows:

<u>Fiscal year</u>	<u>Amount</u>
2023	\$ 166,667
2024	166,667
2025	<u>166,666</u>
Total	<u>\$ 500,000</u>

NOTE 4 - 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 August 31, 2022 was \$95,106 and \$1,093,965 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 August 31, 2022 was \$68,133.

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 requests 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 \$9,176 at year-end. Changes in endowment fund balances (Level 3 inputs) as of August 31, 2022 are as follows:

NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS – (Concluded)

	Donor Restricted – Level 3			
	Community Foundation Serving Boulder County		Denver	Total
	<u>General</u>	<u>Oak Thorne</u>	<u>Foundation</u>	
Balance, beginning of period	\$ 115,678	\$ 1,256,341	\$ 81,528	\$ 1,453,547
Contributions/additions	-	-	-	-
Investment income	1,980	23,527	612	26,119
Net depreciation	(16,953)	(185,903)	(10,640)	(213,496)
Total investment return (loss)	(14,973)	(162,376)	(10,028)	(187,377)
Appropriation of assets for expenditure/maturity of investments	(5,599)	-	(3,367)	(8,966)
Balance, end of period	<u>\$ 95,106</u>	<u>\$ 1,093,965</u>	<u>\$ 68,133</u>	<u>\$ 1,257,204</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 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Land	\$1,036,353
Work in process	176,849
Program equipment	84,051
Furniture and fixtures	77,321
Landscape improvements	57,158
Computer equipment	14,840
Leased equipment	<u>8,824</u>
Total	\$ 1,455,396
Less: accumulated depreciation	<u>(170,252)</u>
Net property and equipment	<u>\$ 1,285,144</u>

Depreciation expense for the year was \$27,183.

NOTE 6 - SMALL BUSINESS ADMINISTRATION (SBA) LOAN PAYABLE

On November 25, 2021, the Organization borrowed \$150,000 loan from the Small Business Act (SBA) at an interest rate of 2.75%. The terms of the note require principal and interest payments of \$641 per month beginning December 1, 2022 and continuing for thirty years from the date of the note.

The following is a schedule of principal maturities on the note:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 2,700
2024	3,687
2025	3,790
2026	3,896
2027 and after	<u>135,927</u>
Total	<u>\$ 150,000</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

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

<u>Description</u>	<u>Amount</u>
Endowment	\$ 1,257,204
Nature Kids	810,542
Capital campaign	507,500
Nature preschool	114,570
School program	25,000
Evaluation	21,917
E-movement	18,637
Event sponsor	<u>18,500</u>
Total	<u>\$ 2,773,870</u>

NOTE 8 - IN-KIND CONTRIBUTIONS

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 (valued at an average \$3,530/month)	\$ 42,770
Legal services (valued at an average \$710/hour)	4,750
Donated clothes and school supplies for summer camp and/or school program	3,420
Supplies	500
Printing (30% discount on products)	<u>271</u>
Total	<u>\$ 51,711</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 one year, unless one year's notice is provided to the Organization that they must vacate the building.

NOTE 9 - 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	\$ 431,551
Nature Preschool	305,303
School program	57,545
Marsh	26,594
Scholarships	24,000
E-Movement	17,759
Appropriations/refund from endowment funds	8,966
Evaluations	6,000
Community programs (TNNS)	<u>4,900</u>
Total	<u>\$ 882,618</u>

NOTE 10 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at August 31, 2022:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 1,648,970
Accounts receivable	246,514
Grants receivable	500,000
Assets held by others	<u>1,257,204</u>
Total	3,652,688
Less: donor restricted net assets	<u>(2,773,870)</u>
Total financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 878,818</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 11 - 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 period was \$27,723.

NOTE 12 - 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 \$268,754 of uninsured funds. Additionally, the Organization has \$1,199,122 in a sweep account, which is fully insured.