

THE NATURE CONNECTION, INC.

FINANCIAL STATEMENTS

**YEARS ENDED
JULY 31, 2024 AND 2023**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
The Nature Connection, Inc.
Concord, Massachusetts

We have reviewed the accompanying financial statements of The Nature Connection, Inc., which comprise the statements of financial position as of July 31, 2024 and 2023, and the related statements of activities, functional expenses, 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 company 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.

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.

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

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.

A handwritten signature in black ink that reads "Newburg & Company LLP". The signature is stylized and appears to be written by a person.

Certified Public Accountants
Waltham, Massachusetts
October 2, 2024



THE NATURE CONNECTION, INC.
STATEMENTS OF FINANCIAL POSITION

JULY 31,	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 83,984	\$ 93,860
Accounts receivable	9,878	5,775
Prepaid expenses	820	1,157
Total current assets	94,682	100,792
PROPERTY AND EQUIPMENT, NET	29,946	28,674
OTHER ASSETS		
Right to use asset	106,319	130,425
Security deposit	2,342	2,342
Total other assets	108,661	132,767
TOTAL ASSETS	\$ 233,289	\$ 262,233
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 24,026	\$ 28,537
Long term debt, current portion	13,600	14,400
Operating lease liability, current portion	29,860	28,170
Total current liabilities	67,486	71,107
OTHER LIABILITIES		
Long term debt, net of current portion	-	13,600
Operating lease liability, net of current portion	76,458	102,255
Total other liabilities	76,458	115,855
NET ASSETS		
Without donor restrictions	89,345	73,992
With donor restrictions	-	1,279
Total net assets	89,345	75,271
TOTAL LIABILITIES AND NET ASSETS	\$ 233,289	\$ 262,233

See the accompanying independent accountants' review report and notes to the financial statements.

THE NATURE CONNECTION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:						
Contributions and grants	\$ 220,281	\$ 5,000	\$ 225,281	\$ 259,707	\$ 59,999	\$ 319,706
Program services	43,524	-	43,524	46,105	35,000	81,105
Event income	5,405	-	5,405	8,788	-	8,788
Other income	443	-	443	1,863	-	1,863
Interest income	8	-	8	10	-	10
Net assets released from restrictions	6,279	(6,279)	-	93,720	(93,720)	-
Total revenues and support	275,940	(1,279)	274,661	410,193	1,279	411,472
EXPENSES:						
Program	149,978	-	149,978	162,869	-	162,869
General and administrative	49,306	-	49,306	45,440	-	45,440
Fundraising	61,070	-	61,070	61,404	-	61,404
Total expenses	260,354	-	260,354	269,713	-	269,713
CHANGE IN NET ASSETS FROM OPERATIONS	15,586	(1,279)	14,307	140,480	1,279	141,759
LOSS ON DISPOSAL OF ASSET	(233)	-	(233)	-	-	-
CHANGE IN NET ASSETS	15,353	(1,279)	14,074	140,480	1,279	141,759
NET ASSETS, beginning	73,992	1,279	75,271	(66,488)	-	(66,488)
NET ASSETS, ending	\$ 89,345	\$ -	\$ 89,345	\$ 73,992	\$ 1,279	\$ 75,271

See the accompanying independent accountants' review report and notes to the financial statements.

THE NATURE CONNECTION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

	2024				2023			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
EXPENSES:								
Salaries and benefits	\$ 104,344	\$ 9,087	\$ 42,511	\$ 155,942	\$ 131,893	\$ 7,737	\$ 52,234	\$ 191,864
Occupancy	30,660	2,378	-	33,038	6,616	2,918	566	10,100
Professional fees and outside services	-	26,212	-	26,212	-	22,713	-	22,713
Insurance	3,613	6,223	-	9,836	-	8,092	-	8,092
Professional development and outreach	-	125	7,931	8,056	13,102	416	6,049	19,567
Events	-	-	5,385	5,385	-	-	1,828	1,828
Program services	4,832	111	70	5,013	2,059	-	-	2,059
Printing and postage	-	-	4,511	4,511	3,736	-	-	3,736
Depreciation	3,157	-	-	3,157	3,186	-	-	3,186
Travel	1,594	1,547	-	3,141	755	-	-	755
Telecommunications	150	2,229	-	2,379	150	810	89	1,049
Office	1,616	712	-	2,328	91	1,367	522	1,980
Merchant and bank fees	12	617	332	961	106	1,124	116	1,346
Dues and subscriptions	-	50	330	380	-	-	-	-
Miscellaneous	-	15	-	15	-	263	-	263
Bad debt	-	-	-	-	1,175	-	-	1,175
Total expenses	\$ 149,978	\$ 49,306	\$ 61,070	\$ 260,354	\$ 162,869	\$ 45,440	\$ 61,404	\$ 269,713

See the accompanying independent accountants' review report and notes to the financial statements.

THE NATURE CONNECTION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	\$ 14,074	\$ 141,759
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,157	3,186
Loss on sale of equipment	233	-
Changes in assets and liabilities		
Accounts receivable	(4,103)	(4,100)
Prepaid expenses	335	(204)
Security deposit	-	(2,342)
Accounts payable and accrued expenses	(4,510)	(3,862)
Net cash provided by operating activities	9,186	134,437
INVESTING ACTIVITIES		
Acquisition of property and equipment	(30,979)	(31,860)
Proceeds from sale of equipment	26,317	-
Net cash used for investing activities	(4,662)	(31,860)
FINANCING ACTIVITIES		
Net repayments of long term debt	(14,400)	(16,000)
NET CHANGE IN CASH	(9,876)	86,577
CASH, beginning	93,860	7,283
CASH, ending	\$ 83,984	\$ 93,860

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

Right of use asset obtained for operating lease liabilities	\$ -	\$ 130,425
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See the accompanying independent accountants' review report and notes to the financial statements.

THE NATURE CONNECTION INC.
NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND BASIS FOR PRESENTATION

Nature of Activities

The Nature Connection, Inc. (the "Organization") is a non-profit organization as described in Section 501(c) (3) of the Internal Revenue Code that incorporated in 1987. The Organization brings nature based programs to people with limited access to the natural world and brings individuals together with nature's capacity to heal.

Basis of Accounting

The Organization presents its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"), using the accrual basis of accounting. Under this method, expenses are recorded when incurred and income is recorded when earned and when the amount and timing of income can be reasonably estimated.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 the board of directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors. 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 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 statements of activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. The estimates are based on management's best knowledge of current events, historical experience, and various other factors that are believed to be reasonable under current conditions. Therefore, actual results may differ from those estimates.

**THE NATURE CONNECTION INC.
NOTES TO THE FINANCIAL STATEMENTS**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution and Grant Revenue

The Organization recognizes contribution and grant revenue in the period received or in the period in which a pledge is received, for those contributions considered to be unconditional and nonreciprocal. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions are recorded as net assets without donor restrictions and net assets with donor restrictions, depending upon the existence and nature of donor restrictions.

Revenue from Contracts with Customers

Program service revenue consist of fees received for providing therapeutic and educational nature-based programs. For transactions in which each party receives commensurate value, revenue is recognized upon transfer of control of promised goods and services to customers in an amount that reflects the consideration the Organization expects to receive in exchange for those goods and services. Management exercises judgment in determining when performance obligations have been satisfied. In making such judgements management typically relies on information obtained from the Organization's employees who have rendered services to evaluate when these obligations have been satisfied. Typically, satisfaction occurs at a point in time.

Payment for services rendered is due upon completion of the service.

Contributed Goods and Services

Contributed goods and services are reflected as contributions at their fair value on the date of donation and are reported as support without restriction unless stipulated otherwise by the donor. Contributed services are reflected as contributions if the services create or enhance nonfinancial assets or require specialized skills that would otherwise be purchased by the Organization. There were no contributed goods or services recorded in the financial statements for the years ended July 31, 2024 and 2023, respectively.

Accounts Receivable

Accounts receivable are stated at the amount the Organization's management expects to collect from outstanding balances. It is the Organization's policy not to accrue interest on past due accounts and trades receivable.

Credit Losses

Effective August 1, 2023, the Organization adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including accounts receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Organization adopted ASC 326 on a modified retrospective basis which did not have a material impact on the financial statements.

The estimate of expected credit losses under the CECL methodology is based on relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. Historical loss experience is generally the starting point for estimating expected credit losses. Management then considers whether the historical

**THE NATURE CONNECTION INC.
NOTES TO THE FINANCIAL STATEMENTS**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

loss experience should be adjusted for current conditions at the reporting date that did not exist over the period as well as forecasts about future economic conditions that are reasonable and supportable. The Organization does not deem an allowance for credit losses necessary as of July 31, 2024 and 2023.

Property and Equipment

The Organization follows the practice of capitalizing, at cost, all expenditures for capital items in excess of \$2,500. Depreciation is computed on a straight-line basis over the useful lives of the assets, generally three, five or seven years.

Income Taxes

The Organization is a non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code per its determination letter dated October 23, 2002 and therefore, no provision for federal income taxes has been made in the accompanying financial statements. Management is not aware of any circumstances that would impair its tax exempt status.

In the preparation of income tax returns, tax positions are taken based on interpretation of federal and state income tax laws for which the outcome is uncertain. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts ultimately due or owed. Changes in the tax-exempt status may result from closing of the statute of limitations on tax returns, new legislation, clarification of existing legislation through government pronouncements, the courts, and through the examination process.

Management believes it is more likely than not that all tax positions taken on its federal and state income tax returns would be sustained upon examination. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Leases

The Organization determines if an arrangement contains a lease at inception and classifies it as finance or operating. The Organization has elected not to recognize in the statement of financial position leases with terms of one year or less as a practical expedient. Operating lease right-of-use assets and liabilities are recognized at commencement data based on the present value of lease payments over the lease term. Variable lease payments that are not based on an index or that result from changes to an index subsequent to the initial measurement of the corresponding lease liability are not included in the calculation of the right-of-use assets and lease liability due to uncertainty of the payment amount and are recorded as lease expense in the period incurred. As the Organization's leases do not provide an implicit rate, management uses the risk-free treasury rate in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

All of the Organization's leases are classified as operating leases and do not contain any residual value guarantees. For month-to-month leases, the Organization evaluates the explicit and implicit renewal or termination options that exist to determine the term in which the Organization is reasonably certain to implicitly renew the lease.

**THE NATURE CONNECTION INC.
NOTES TO THE FINANCIAL STATEMENTS**

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures (that is, without donor or other restrictions limiting their use) within one year of the statement of financial position dates comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 83,984	\$ 93,860
Accounts receivable	<u>9,878</u>	<u>5,775</u>
Total financial assets	93,862	99,635
Less: net assets with donor restrictions	<u>-</u>	<u>(1,279)</u>
Total financial assets available to meet general expenditures over the next 12 months	<u>\$ 93,862</u>	<u>\$ 98,356</u>

The Organization has not designated a portion of assets without donor restrictions for any specified purpose as of July 31, 2024 and 2023.

4. FUNCTIONAL ALLOCAITON OF EXPENSES

The costs of providing the various activities have been summarized on a functional basis in the statements of activities. Accordingly, costs are allocated and classified as program, management and general or fundraising costs. The Organization uses cost allocation between program and support functions based on several different metric measures. The Organization's primary indicators are time allocation and mission driven objectives.

5. COMMITMENTS AND CONTINGENCIES

Operating Lease

The Organization sub-leased office space from a third party until June 30, 2023 and then entered into a lease agreement for new office space under a five-year lease agreement commencing on July 1, 2023 with an expiration date of June 30, 2028. Rent expense included in occupancy costs in the statement of activities were as follows:

	<u>2024</u>	<u>2023</u>
Short term lease expense	\$ 2,330	\$ 7,614
Operating lease expense	<u>29,064</u>	<u>2,486</u>
	<u>\$ 31,394</u>	<u>\$ 10,100</u>

Cash paid for lease liabilities was \$28,170 and \$2,342 for the years ended July 31, 2024 and 2023, respectively. The Organization's lease had a weighted average remaining lease term of 4 years as of July 31, 2024 and 5 years as of July 31, 2025 and the weighted average discount rate was 5%.

THE NATURE CONNECTION INC.
NOTES TO THE FINANCIAL STATEMENTS

5. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Future minimum aggregate lease payments under the Organization's leases as of July 31, 2024 are as follows:

2025	\$	29,015
2026		29,882
2027		30,772
2028		28,973
Total undiscounted cash flows		118,642
Less: interest component		(12,323)
Operating lease liability	\$	106,319

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2024</u>	<u>2023</u>
Property and equipment	\$ 30,979	\$ 31,860
Accumulated depreciation	1,033	3,186
Property and equipment, net	<u>\$ 29,946</u>	<u>\$ 28,674</u>

Depreciation expense for the years ended July 31, 2024 and 2023 was \$3,157 and \$3,186, respectively.

7. LONG TERM DEBT

On September 12, 2022, the Organization's Board of Directors entered into an agreement with the Organization's primary creditor to suspend payment of its obligations until March 31, 2023. The agreement requires the Organization to pay fixed monthly payments of \$1,200 until the obligation is extinguished. The Organization's imputed interest on the obligation was not material to the financial statements for the years ended July 31, 2024 and 2023. Future maturities of the Organization's long-term debt are \$13,600 in 2025.

8. NET ASSETS WITH DONOR RESTRICTIONS

At July 31, 2024 net assets with donor restrictions consisted of funds subject to a specific purpose as stipulated by the donor. Net assets are released from restrictions when expenses incurred satisfy the restricted purpose stipulated by the donor. Net assets released from restriction to satisfy the restricted purpose was \$6,279 and \$93,720 for the years ended July 31, 2024 and 2023, respectively.

9. RISKS AND UNCERTAINTIES

The Organization relies on third-party donors for funding. The loss of certain principal donors or a significant reduction in the size of donations they contribute could have a material adverse effect on the Organization. Approximately 54% of total grants and contributions came from two donors for the year ended July 31, 2024.

**THE NATURE CONNECTION INC.
NOTES TO THE FINANCIAL STATEMENTS**

9. RISKS AND UNCERTAINTIES (CONTINUED)

Approximately 50% of total grants and contributions came from three donors for the year ended July 31, 2023.

10. RELATED PARTY TRANSACTIONS

The Organization received contributions totaling \$50,600 and \$61,000 from members of the Board of Directors during the fiscal years ending July 31, 2024 and 2023, respectively.

11. SUBSEQUENT EVENTS

Transactions subsequent to July 31, 2024 have been evaluated through October 2, 2024 the date the financial statements were available to be issued. No events were noted that could have a material impact on the financial statements.

12. RECLASSIFICATIONS

Certain amounts in the July 31, 2023 financial statements have been reclassified to conform to the July 31, 2024 presentation. No changes in net assets resulted from the reclassifications.