

**THE NATURE CONNECTION INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED  
JULY 31, 2022 AND 2021**

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To the Board of Directors  
The Nature Connection Inc. (the "Organization")  
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, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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.



Certified Public Accountants  
Waltham, Massachusetts  
October 6, 2023



**THE NATURE CONNECTION INC.  
STATEMENTS OF FINANCIAL POSITION**

<b>JULY 31,</b>	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash	\$ 7,283	\$ 101,945
Accounts receivable	1,675	3,913
Prepaid expenses	952	2,502
<b>TOTAL ASSETS</b>	<b>\$ 9,910</b>	<b>\$ 108,360</b>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 76,398	\$ 32,138
SBA Paycheck Protection Program Loan	-	39,287
<b>Total liabilities</b>	<b>76,398</b>	<b>71,425</b>
<b>NET ASSETS (DEFICIT)</b>		
Without donor restrictions	(66,488)	36,935
With donor restrictions	-	-
<b>Total net assets (deficit)</b>	<b>(66,488)</b>	<b>36,935</b>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<b>\$ 9,910</b>	<b>\$ 108,360</b>

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 2022 AND 2021**

	<b>2022</b>			<b>2021</b>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT:</b>						
Contributions and grants	\$ 152,575		\$ 152,575	\$ 230,469		\$ 230,469
Program services	10,631		10,631	6,240		6,240
Event income, net	6,554		6,554	4,149		4,149
Other income	1,223		1,223	456		456
Interest income	54		54	98		98
Net assets released from restrictions	-	-	-	20,000	(20,000)	-
<b>Total revenues and support</b>	<b>171,037</b>	<b>-</b>	<b>171,037</b>	<b>261,412</b>	<b>(20,000)</b>	<b>241,412</b>
<b>EXPENSES:</b>						
Program	134,491	-	134,491	110,107	-	110,107
General and administrative	63,603	-	63,603	74,444	-	74,444
Fundraising	115,655	-	115,655	114,815	-	114,815
<b>Total expenses</b>	<b>313,748</b>	<b>-</b>	<b>313,748</b>	<b>299,367</b>	<b>-</b>	<b>299,367</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>(142,711)</b>	<b>-</b>	<b>(142,711)</b>	<b>(37,955)</b>	<b>(20,000)</b>	<b>(57,955)</b>
<b>GAIN FROM EXTINGUISHMENT OF DEBT (SBA PPP)</b>	<b>39,287</b>	<b>-</b>	<b>39,287</b>	<b>17,050</b>	<b>-</b>	<b>17,050</b>
<b>CHANGE IN NET ASSETS</b>	<b>(103,424)</b>	<b>-</b>	<b>(103,424)</b>	<b>(20,905)</b>	<b>(20,000)</b>	<b>(40,905)</b>
<b>NET ASSETS, beginning</b>	<b>36,935</b>	<b>-</b>	<b>36,935</b>	<b>57,840</b>	<b>20,000</b>	<b>77,840</b>
<b>NET ASSETS, ending</b>	<b>\$ (66,488)</b>	<b>\$ -</b>	<b>\$ (66,488)</b>	<b>\$ 36,935</b>	<b>\$ -</b>	<b>\$ 36,935</b>

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 2022 AND 2021**

	<b>2022</b>				<b>2021</b>				
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total	
<b>EXPENSES:</b>									
Salaries and benefits	\$ 126,666	\$ 16,851	\$ 99,263	\$ 242,780	\$ 103,584	\$ 16,313	\$ 106,670	\$ 226,568	
Professional fees and outside services	392	19,252	3,355	22,999	-	34,061	-	34,061	
Professional development and outreach		4,961	8,742	13,703	93	303	4,473	4,869	
Occupancy		9,476	-	9,476	-	9,906	-	9,906	
Insurance		7,148	-	7,148	-	4,006	-	4,006	
Travel	3,894	596	651	5,141	1,580	77	-	1,657	
Printing and postage		836	2,868	3,705	203	155	2,505	2,863	
Program services	3,402	146	36	3,583	1,995	85	-	2,080	
Miscellaneous	101	1,488	-	1,589	688	297	236	1,221	
Merchant and bank fees		830	590	1,420	248	696	145	1,089	
Telecommunications		1,127	-	1,127	360	696	0	1,056	
Office	36	794	-	830	1,220	5,275	363	6,858	
Dues and subscriptions		99	150	249	-	75	69	144	
Advertising			-	-	136	2,499	354	2,989	
<b>Total expenses</b>	<b>\$ 134,491</b>	<b>\$ 63,603</b>	<b>\$ 115,655</b>	<b>\$ 313,748</b>	<b>\$ 110,107</b>	<b>\$ 74,444</b>	<b>\$ 114,815</b>	<b>\$ 299,367</b>	

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, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (103,424)	\$ (40,905)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Gain on extinguishment of debt	(39,287)	(17,050)
Changes in assets and liabilities:		
Accounts receivable	2,238	12,457
Prepaid expenses	1,550	(1,453)
Accounts payable and accrued expenses	44,261	16,835
Net cash used for operating activities	(94,662)	(30,116)
<b>FINANCING ACTIVITIES</b>		
Proceeds from SBA Paycheck Protection Program	-	39,287
NET CHANGE IN CASH	(94,662)	9,171
CASH, beginning	101,944	92,773
CASH, ending	\$ 7,283	\$ 101,944

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 each and 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, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and Cash Equivalents**

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**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)**

**Revenue Recognition**

The Organization recognizes contributions, including grants, as 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 donors restrictions, depending upon the existence and nature of donor restrictions.

**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-end July 31, 2022 and 2021, respectively.

**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. All property and equipment were fully depreciated; therefore, there was no depreciation expense for the years ended July 31, 2022 and 2021, respectively.

**Income Taxes**

The Organization is a non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code 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.

**Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02 "Leases." The guidance establishes principles to increase transparency and comparability by recognizing lease assets and liabilities for leases classified as operating leases under the generally accepted accounting principles on the balance sheet and disclosing key information about the leasing arrangements. The guidance becomes effective for fiscal years beginning after December 15, 2021. Early application is permitted. Management is currently evaluating the impact of the pronouncement on the Organization's financial statements.

**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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 7,283	\$ 101,945
Accounts receivable	1,675	3,913
Less: net assets with donor restrictions	<u>-</u>	<u>-</u>
Total financial assets available to meet general expenditures over the next 12 months	<u>\$ 8,958</u>	<u>\$ 105,858</u>

The Organization has not designated a portion of assets without donor restrictions for any specified purpose as of December 31, 2021 and has no net assets with donor restriction as of July 31, 2022. Subsequent to July 31, 2022, the Organization implemented a budgeting process and internal controls to improve cash flow monitoring of the Organization's liquidity.

**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. PAYCHECK PROTECTION PROGRAM**

On May 13, 2020 the Organization was granted a loan in the amount of \$17,050 under the SBA Paycheck Protection Program under Division A, Title I of the CARES Act. Under the terms of the agreement, the amount of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization elected to account for the loan as debt under ASC 470. On April 26, 2021, the Organization's loan was forgiven in full by the SBA and upon extinguishment recorded a gain in the Statement of Activities.

On January 27, 2021, the Organization was awarded a second loan under the Paycheck Protection Program in the amount of \$39,287. On March 30, 2022, the Organization's loan was forgiven in full by the SBA and upon extinguishing recorded a gain in the Statement of Activities.

**6. COMMITMENTS AND CONTINGENCIES**

**Operating Lease**

The Organization leases office space from a third party under a one- year lease agreement with an expiration date of June 30, 2023. Under terms of the lease agreement, the Organization is required to make monthly lease payments of \$852.50 (\$10,230 annually) through June 30, 2023. Rent expense for the years ended July 31, 2022 and July 31, 2021 were \$9,476 and \$9,906, respectively.

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

**7. RISKS AND UNCERTAINTIES**

**Revenue and Support**

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.

**8. GOING CONCERN**

As shown in the accompanying financial statements, the Organization net assets decreased by \$103,424 during the year ending July 31, 2022 and its current liabilities exceeded current assets by approximately \$66,000 which created uncertainty about the Organization's ability to continue as a going concern. On September 12, 2022, the Organization's Board of Directors were replaced by a new Board of Directors who immediately raised \$50,000 and entered into an agreement with the Organization's primary creditor to suspend payment of its obligations until March 31, 2023 at which time fixed monthly payments of \$1,200 are resumed. Further, the new Board of Directors implemented a budget and other cost reduction measures to improve the liquidity and cash flow of the Organization. The ability of the Organization to continue as a going concern is dependent upon its ability to generate positive cash flow and establish operating reserves. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**9. SUBSEQUENT EVENTS**

Transactions subsequent to July 31, 2022 have been evaluated through October 6, 2023 the date the financial statements were available to be issued. The Organization entered into a five- year lease agreement that requires monthly base rents in the amount of \$2,342 subject to annual escalations over the term.