

THE NATURE CONNECTION INC.

FINANCIAL STATEMENTS

**YEARS ENDED
JULY 31, 2023 AND 2022**

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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, 2023 and 2022, 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
January 31, 2024



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

JULY 31,	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 93,860	\$ 7,283
Accounts receivable	5,775	1,675
Prepaid expenses	1,157	952
Total current assets	100,792	9,910
PROPERTY AND EQUIPMENT, NET	28,674	-
OTHER ASSETS		
Right to use asset	130,425	-
Security deposit	2,342	-
Total other assets	132,767	-
Total assets	\$ 262,233	\$ 9,910
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 28,537	\$ 32,398
Long term debt, current portion	14,400	4,800
Operating lease liability, current portion	28,170	-
Total current liabilities	71,107	37,198
OTHER LIABILITIES		
Long term debt, net of current current portion	13,600	39,200
Operating lease liability, net of current portion	102,255	-
Total other liabilities	115,855	39,200
NET ASSETS (DEFICIT)		
Without donor restrictions	73,992	(66,488)
With donor restrictions	1,279	-
Total net assets (deficit)	75,271	(66,488)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 262,233	\$ 9,910

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 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:						
Contributions and grants	\$ 259,707	\$ 59,999	\$ 319,706	\$ 152,575	\$ -	\$ 152,575
Program services	46,105	35,000	81,105	10,631	-	10,631
Event income, net	6,959	-	6,959	6,554	-	6,554
Other income	1,864	-	1,864	1,223	-	1,223
Interest income	10	-	10	54	-	54
Net assets released from restrictions	93,720	(93,720)	-	-	-	-
Total revenues and support	408,365	1,279	409,644	171,037	-	171,037
EXPENSES:						
Program	162,869	-	162,869	134,491	-	134,491
General and administrative	45,440	-	45,440	63,603	-	63,603
Fundraising	59,576	-	59,576	115,655	-	115,655
Total expenses	267,885	-	267,885	313,748	-	313,748
CHANGE IN NET ASSETS FROM OPERATIONS	140,480	1,279	141,759	(142,711)	-	(142,711)
GAIN FROM EXTINGUISHMENT OF DEBT (SBA PPP)	-	-	-	39,287	-	39,287
CHANGE IN NET ASSETS	140,480	1,279	141,759	(103,424)	-	(103,424)
NET ASSETS, beginning	(66,488)	-	(66,488)	36,935	-	36,935
NET ASSETS, ending	\$ 73,992	\$ 1,279	\$ 75,271	\$ (66,488)	\$ -	\$ (66,488)

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 2023 AND 2022

	2023				2022				
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total	
EXPENSES:									
Salaries and benefits	\$ 131,893	\$ 7,737	\$ 52,234	\$ 191,864	\$ 126,666	\$ 16,851	\$ 99,263	\$ 242,780	
Professional fees and outside services	-	22,713	-	22,713	392	19,252	3,355	22,999	
Professional development and outreach	13,102	416	6,049	19,567	-	4,961	8,742	13,703	
Occupancy	6,616	2,918	566	10,100	-	9,476	-	9,476	
Insurance	-	8,092	-	8,092	-	7,148	-	7,148	
Travel	755	-	-	755	3,894	596	651	5,141	
Printing and postage	3,736	-	-	3,736	-	836	2,868	3,705	
Program services	2,059	-	-	2,059	3,402	146	36	3,583	
Miscellaneous	-	263	-	263	101	1,488	-	1,589	
Merchant and bank fees	106	1,124	116	1,346	-	830	590	1,420	
Telecommunications	150	810	89	1,049	-	1,127	-	1,127	
Office	91	1,367	522	1,980	36	794	-	830	
Dues and subscriptions	-	-	-	-	-	99	150	249	
Depreciation	3,186	-	-	3,186	-	-	-	-	
Bad debt	1,175	-	-	1,175	-	-	-	-	
Total expenses	\$ 162,869	\$ 45,440	\$ 59,576	\$ 267,885	\$ 134,491	\$ 63,603	\$ 115,655	\$ 313,748	

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, 2023 AND 2022**

	2023	2022
OPERATING ACTIVITIES		
Change in net assets	\$ 141,759	\$ (103,424)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Gain on extinguishment of debt	-	(39,287)
Depreciation	3,186	-
Changes in assets and liabilities		
Accounts receivable	(4,100)	2,238
Prepaid expenses	(204)	1,550
Security deposit	(2,342)	-
Accounts payable and accrued expenses	(3,861)	261
Net cash provided by (used for) operating activities	134,438	(138,662)
INVESTING ACTIVITIES		
Acquisition of property and equipment	(31,860)	-
FINANCING ACTIVITIES		
Proceeds from loan	-	44,000
Net repayments of long term debt	(16,000)	-
Net cash provided by (used for) financing activities	(16,000)	44,000
NET CHANGE IN CASH	86,578	(94,662)
CASH, beginning	7,283	101,944
CASH, ending	\$ 93,861	\$ 7,283

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 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 ended July 31, 2023 and 2022, 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. The Organization's property and equipment consists of a vehicle with an acquisition cost of \$31,860 and accumulated depreciation of \$3,186 at July 31, 2023.

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.

THE NATURE CONNECTION INC.
NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Newly Adopted Accounting Pronouncement

Effective August 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Under ASC 842, the Organization determines if an arrangement contains a lease at inception and records right-of-use assets which represent the Organization's right to use an underlying asset for the lease term. Operating lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right of use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of fixed lease payments using the treasury risk free rate since the Organization's leases do not include an implicit rate. The lease terms include options to extend the lease when the Organization is reasonable certain to exercise the option. Lease expense is recognized on a straight-line basis over the lease term. Non-lease components are excluded from the Organization's calculation of right-of-use assets and lease liabilities and are expensed as incurred. The Organization's operating leases do not contain residual value guarantees.

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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 93,860	\$ 7,283
Accounts receivable	5,775	1,675
Less: net assets with donor restrictions	<u>(1,279)</u>	<u>-</u>
 Total financial assets available to meet general expenditures over the next 12 months	 <u>\$ 98,356</u>	 <u>\$ 8,958</u>

The Organization has not designated a portion of assets without donor restrictions for any specified purpose as of July 31, 2023 and 2022, respectively.

4. FUNCTIONAL ALLOCATION 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.

THE NATURE CONNECTION INC.
NOTES TO THE FINANCIAL STATEMENTS

5. PAYCHECK PROTECTION PROGRAM

On January 27, 2021 the Organization was granted a loan in the amount of \$39,287 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 March 30, 2022, the Organization's loan was forgiven in full by the SBA and upon extinguishment recorded a gain in the Statement of Activities.

6. 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. Components of the Organization's lease expense for the year ended July 31, 2023 was:

Short term lease expense	\$ 7,614
Operating lease expense	<u>2,486</u>
	<u>\$ 10,100</u>

Rent expense for the year ended July 31, 2022 was \$9,476.

Cash paid for lease liabilities was \$2,342 for the year ended July 31, 2023. The Organization's lease had a weight average remaining lease term of 5 years and the weight average discount rate was 5%.

Future minimum aggregate lease payments under the Organization's leases as of July 31, 2023 are as follows:

	2024	\$	28,170
	2025		29,015
	2026		29,882
	2027		30,772
	2028		<u>28,973</u>
Total undiscounted cash flows			146,813
Less: interest component			<u>(16,388)</u>
Operating lease liability		\$	<u>130,425</u>

8. 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 imputed interest on the obligation was not material to the financial statements for the year end July 31, 2023. Future maturities of the Organization's long-term debt are \$14,400 in 2024 and \$13,600 in 2025.

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

9. NET ASSETS WITH DONOR RESTRICTIONS

At July 31, 2023 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 \$93,720 for the year ended July 31, 2023. There were no net assets subject to donor restrictions or release from restrictions during the year ended July 31, 2022.

10. 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.

11. RELATED PARTY TRANSACTIONS

The Organization received contributions totaling \$61,000 from members of the Board Directors during the fiscal year ending July 31, 2023.

12. SUBSEQUENT EVENTS

Transactions subsequent to July 31, 2023 have been evaluated through January 31, 2024 the date the financial statements were available to be issued. The Organization's transportation vehicle was totaled as a result of a flood. The Organization has submitted an insurance claim to recover loss.

13. RECLASSIFICATIONS

Certain amounts in the July 31, 2022 financial statements have been reclassified to conform to the July 31, 2023 presentation. No changes in net assets or changes in net assets resulted from the reclassifications.