



nature forward

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023



Independent Auditor's Report

The Board of Directors
Nature Forward, Inc.
Chevy Chase, Maryland

Opinion

We have audited the accompanying financial statements of Nature Forward, Inc. (formerly, Audubon Naturalist Society of the Central Atlantic States, Inc.), which comprise the statement of financial position as of August 31, 2023, 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 Nature Forward as of August 31, 2023, 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 Nature Forward 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 Nature Forward's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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The Board of Directors
Nature Forward, Inc.
Chevy Chase, Maryland

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 Nature Forward'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 Nature Forward'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 Nature Forward's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bethesda, Maryland
April 29, 2024


Certified Public Accountants

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Nature Forward, Inc.

Statement of Financial Position

August 31, 2023

With Comparative Totals As of August 31, 2022

	2023	2022
Assets		
Cash and Cash Equivalents	\$ 2,929,854	\$ 2,760,878
Accounts Receivable	55,189	90,050
Promises to Give (Pledges)	966,065	492,333
Inventory	311,723	300,071
Prepaid Expenses	92,929	42,114
Investments	7,142,298	6,909,505
Property and Equipment, Net	3,080,617	2,875,916
Total Assets	\$ 14,578,675	\$ 13,470,867
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 487,818	\$ 589,765
Deferred Revenues	560,139	641,633
Total Liabilities	1,047,957	1,231,398
Net Assets		
Without Donor Restrictions		
Undesignated	2,805,037	2,333,281
Property and Equipment	3,080,617	2,875,916
Board Designated	909,490	785,124
Total Without Donor Restrictions	6,795,144	5,994,321
With Donor Restrictions		
Purpose - Nature For All	55,854	493,104
Purpose - Other	5,039,631	4,132,320
Perpetual	1,640,089	1,619,724
Total With Donor Restrictions	6,735,574	6,245,148
Total Net Assets	13,530,718	12,239,469
Total Liabilities and Net Assets	\$ 14,578,675	\$ 13,470,867

See accompanying Notes to Financial Statements.

Nature Forward, Inc.

Statement of Activities For The Year Ending August 31, 2023 With Comparative Totals For the Year Ended August 31, 2022

	2023				2022	
	Without Donor Restrictions	With Donor Restrictions			Total	Total
		Nature For All	Other	Perpetual		
Support and Revenues						
Membership Dues	\$ 145,009	\$ -	\$ -	\$ -	\$ 145,009	\$ 157,709
Contributions and Grants	1,557,672	218	1,798,405	20,365	3,376,660	2,490,369
In-Kind Contributions	101,076	-	-	-	101,076	39,435
Forgivable Loan - PPP	-	-	-	-	-	410,827
Tuition, Tours, and Field Trips	1,325,909	-	-	-	1,325,909	1,303,087
Sanctuary Shop (Net of Cost of Sales of \$260,730)	157,642	-	-	-	157,642	147,919
Rent	660,723	-	-	-	660,723	721,229
Advertising and Other Revenue	682	-	-	-	682	1,016
Dividends, Interest, Realized Gains (Losses)						
Less: Investment Advisory Fees	245,621	-	17,572	-	263,193	239,231
Net Assets Released from Restrictions	1,483,388	(437,468)	(1,045,920)	-	-	-
Total Support and Revenues	5,677,722	(437,250)	770,057	20,365	6,030,894	5,510,822
Expenses						
Program Services						
Sanctuaries	1,066,749	-	-	-	1,066,749	1,199,163
Sanctuary Projects	364,454	-	-	-	364,454	285,498
Membership Services	683,017	-	-	-	683,017	527,560
Environmental Education	1,581,916	-	-	-	1,581,916	1,545,844
Conservation Programs	559,463	-	-	-	559,463	522,517
Total Program Services	4,255,599	-	-	-	4,255,599	4,080,582
Supporting Services						
Fundraising	413,151	-	-	-	413,151	364,987
General and Administrative	335,786	-	-	-	335,786	290,000
Total Supporting Services	748,937	-	-	-	748,937	654,987
Total Expenses	5,004,536	-	-	-	5,004,536	4,735,569
Increase (Decrease) in Net Assets from Operations	673,186	(437,250)	770,057	20,365	1,026,358	775,253
Net Unrealized Gains (Losses) on Investments	127,637	-	137,254	-	264,891	(1,241,038)
Changes in Net Assets	800,823	(437,250)	907,311	20,365	1,291,249	(465,785)
Net Assets, Beginning of Period	5,994,321	493,104	4,132,320	1,619,724	12,239,469	12,705,254
Net Assets, End of Period	\$ 6,795,144	\$ 55,854	\$ 5,039,631	\$ 1,640,089	\$ 13,530,718	\$ 12,239,469

See accompanying Notes to Financial Statements.

Nature Forward, Inc.

**Statement of Functional Expenses
For The Year Ended August 31, 2023
With Comparative Totals For the Year Ended August 31, 2022**

	2023							Total	2022 Total
	Sanctuaries	Sanctuary Projects	Membership Services	Environmental Education	Conservation Programs	Fundraising	General and Administrative		
Salaries and Related Expenses	\$ 496,968	\$ 174,396	\$ 515,886	\$ 1,199,276	\$ 422,527	\$ 323,817	\$ 8,441	\$ 3,141,311	\$ 3,063,801
Professional / Contractual Services	366,103	123,606	89,533	113,313	62,649	19,652	299,196	1,074,052	1,018,206
Occupancy and Depreciation	72,756	5,242	22,117	99,975	16,812	10,493	-	227,395	190,342
Equipment Rental & Repairs	19,436	4,343	6,128	11,772	2,932	2,876	9,649	57,136	59,614
Sanctuary Maintenance	44,119	50,337	-	150	-	-	-	94,606	85,154
Travel	1,593	1,060	1,750	4,551	5,256	33	447	14,690	13,774
Nature Travel	-	-	-	66,829	-	-	-	66,829	150
Supplies	7,236	531	363	26,632	7,927	22,410	1,399	66,498	48,090
Dues, Subscriptions, & Fees	20,142	3,214	6,345	8,665	6,979	7,124	2,060	54,529	39,223
Printing and Publications	6,781	1,551	24,964	7,926	2,096	8,365	874	52,557	32,330
Postage and Shipping	429	62	4,860	1,450	212	2,489	-	9,502	10,047
Advertising	18,336	-	3,492	1,961	1,239	2,386	5,433	32,847	25,893
Scholarships and Contributions	973	-	-	3,256	27,108	843	1,081	33,261	70,326
Bank Fees	11,355	-	6,489	31,714	455	1,788	5,050	56,851	62,225
Meetings and Catering	522	112	1,090	4,446	3,271	10,875	2,156	22,472	15,427
Other	-	-	-	-	-	-	-	-	967
Total	\$ 1,066,749	\$ 364,454	\$ 683,017	\$ 1,581,916	\$ 559,463	\$ 413,151	\$ 335,786	\$ 5,004,536	\$ 4,735,569

See accompanying Notes to Financial Statements.

Nature Forward, Inc.

Statement of Cash Flows
For The Year Ending August 31, 2023
With Comparative Totals For the Year Ended August 31, 2022

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ 1,291,249	\$ (465,785)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in (Provided by) Operating Activities		
Depreciation	114,413	93,954
Net (Gains) Losses on Investments	(309,150)	1,211,443
Losses on Disposal of Property and Equipment	9,027	1,504
Forgivable Loan - PPP	-	(410,827)
Donated Investments	(268,677)	(750,612)
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	34,861	(50,858)
Promises to Give	(473,732)	712,782
Inventory	(11,652)	(6,749)
Prepaid Expenses	(50,815)	(14,157)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(101,947)	(402,584)
Deferred Revenues	(81,494)	(108,713)
Net Cash Provided by (Used in) Operating Activities	152,083	(190,602)
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(328,141)	(5,300)
Purchases of Investments	(2,905,794)	(1,339,873)
Sales and Maturities of Investments	3,250,828	1,378,462
Net Cash Provided by (Used in) Investing Activities	16,893	33,289
Cash Flows from Financing Activities		
Principal Payments on Note Payable	-	(320)
Net Cash Provided by (Used in) Financing Activities	-	(320)
Net Increase (Decrease) in Cash and Cash Equivalents	168,976	(157,633)
Cash and Cash Equivalents, Beginning of Period	2,760,878	2,918,511
Cash and Cash Equivalents, End of Period	\$ 2,929,854	\$ 2,760,878
Supplementary Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ -	\$ 1,820

See accompanying Notes to Financial Statements.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2023

1. ORGANIZATION AND PURPOSE

Nature Forward (formerly, Audubon Naturalist Society of the Central Atlantic States, Inc.), is a not-for-profit environmental, educational and conservation organization serving residents of the Washington, D.C., Metropolitan region. Founded in 1897, Nature Forward seeks to inspire residents of the region to appreciate, understand and protect the natural environment through outdoor experiences, education and advocacy by creating a larger and more diverse community of people who treasure the natural world and work to preserve it. Nature Forward's activities include environmental education, conservation advocacy, events, general operations and a Naturalist shop located at headquarters at Woodend Nature Sanctuary (Chevy Chase, Maryland). The Rust Nature Sanctuary (Leesburg, Virginia) supports Nature Forward's environmental, educational and conservation programs.

During 2023, Nature Forward changed its name from Audubon Naturalist Society of the Central Atlantic States, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of Nature Forward have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires Nature Forward 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 Nature Forward. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Nature Forward 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 statement of activities.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 year ended August 31, 2023. Actual results could differ from those estimates.

Cash Equivalents

Nature Forward considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are reported at their unpaid balances, reduced by an allowance for doubtful accounts, if necessary.

Management periodically evaluates the adequacy of the allowance for doubtful accounts by considering Nature Forward's past receivables loss experience, known and inherent risks in the accounts receivable population, adverse situations that may affect the client's ability to pay, and current economic conditions. The allowance for doubtful accounts is increased by charges to bad debts expense and decreased by charge offs of the accounts receivable balances. Accounts receivable are considered past due based on management's determination. Accounts receivable are charged off based on management's case-by-case determination that they are uncollectible.

Promises to Give (Pledges)

Unconditional promises to give are recognized as support in the period received. Promises to give made to Nature Forward for future contributions expected to be fully collectible are recorded as a receivable and as support at the present value of such future payments. Conditional promises to give are recognized as support when the conditions on which they depend are substantially met.

Inventory

Inventory is stated at the lower of cost or market value and consists primarily of nature related books and field guides, bird feeders, nature related gifts, optics, cards, garments and birdseed. Cost is determined using the average cost of similar inventory items.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Nature Forward carries equity and debt securities at fair market value. Any changes in value are recognized in the statement of activities and changes in net assets.

Property and Equipment

Property and equipment in excess of \$2,500 are recorded at cost. Buildings, building improvements, furniture and equipment are depreciated under the straight-line method over their estimated economic useful lives. Buildings are depreciated over useful lives of 40 years and building improvements, furniture and equipment are depreciated over 3 to 15 years.

Nature Forward has a 40-year lease agreement with the Northern Virginia Regional Park Authority (NVRPA) for operating the Rust Sanctuary. NVRPA is responsible for maintaining the buildings and grounds, managing the rental program and most of the operating costs. Nature Forward owns the sanctuary and conducts environmental education programs there. Nature Forward collaborates with the Virginia Outdoors Foundation regarding the conservation easement at the 68-acre sanctuary.

During 2021, Nature Forward entered into a forest conservation easement at Woodend Sanctuary with Maryland-National Park and Planning Commission (MNPPC). A forest conservation easement is a perpetual property right granted to MNPPC that protects land for existing and future forests by limiting certain activities.

Nature Forward is in the process of deeding a right of way to Montgomery County, Maryland in order to receive needed permits to install a Nature Play Space at its headquarters at Woodend Sanctuary. The deeded right of way will not impact the reported value of Nature Forward's property.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field.

There were no unrecognized conditional contributions as of August 31, 2023.

Membership dues are invoiced based on fixed rate schedules. Revenue from membership dues is recognized when received because members do not receive commensurate value.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Tuition, tours and field trip fees are based on fixed rate schedules for educational experiences. Revenues are received and recognized when the services are rendered, and typically occur in the same year. As of August 31, 2023, there was \$103,934 in deferred revenue related to tuition, tours and field trips.

Rental income includes amounts paid private events held at Woodend Sanctuary. The rental deposit is received in advance of the event resulting in a deferred revenue balance. Rental income is recognized when the event is held. As of August 31, 2023, there was \$456,205 in deferred revenue related to the rental program.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, occupancy and office expenses, depreciation, information technology costs, and insurance have been allocated among the programs and supporting services based on employee time and effort.

Income Tax Status

Nature Forward is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code.

Nature Forward follows the Financial Accounting Standards Board Accounting Standards Codification, which provides guidance on accounting for uncertainty in income taxes recognized in Nature Forward's financial statements, if any. As of August 31, 2023, Nature Forward had no unrecognized tax benefits related to uncertain tax positions in its information return that would qualify for either recognition or disclosure in its financial statements.

Nature Forward's policy would be to recognize interest and penalties on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. Through August 31, 2023, there have been no matters that would have resulted in an accrual for interest and/or penalties.

Generally, the tax years before 2020 are no longer subject to examination by federal, state, or local taxing authorities.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Information

The financial statements include certain prior-year summarized information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Nature Forward's financial statements for the year ended August 31, 2022, from which the summarized information was derived.

New Accounting Pronouncements

In 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. The new standard applies to finance and operating leases entered into after the standard was issued. Nature Forward does not have any leases requiring recognition on the statement of financial position.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. This standard was adopted in the current fiscal year and did not have a significant impact on the financial statements, with the exception of increased disclosure.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. This guidance requires Nature Forward to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The guidance is effective beginning in 2024.

Subsequent Events

Management has evaluated subsequent events through April 29, 2024 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2023

3. CONCENTRATION OF CREDIT RISK

Nature Forward maintains its cash at a federally insured financial institution. At times during the year, cash balances exceed the FDIC credit limit. Management does not believe this poses a significant risk.

4. PROMISES TO GIVE

Promises to Give are expected to be realized in the following periods:

In One Year or Less	\$ 401,358
Between One and Five Years	673,944
Five Years or More	<u>-</u>
Allowance for Doubtful Promises	(53,581)
Net Present Value Discount at 2.5%	<u>(55,656)</u>
Total	<u>\$ 966,065</u>

The Nature For All campaign promises to give included above were \$4,695 as August 31, 2023.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Nature Forward has categorized its financial instruments based on a three-level fair value hierarchy as follows:

Level 1 – Values are based on quoted prices for identical assets in active markets.

Level 2 – Values are based on quoted prices for similar assets in active or inactive markets.

Level 3 – Value are based on unobservable inputs to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2023

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

As of August 31, 2023, these investments and their fair value measurements were:

	Fair Value	Level 1 Inputs
Fixed Income		
Corporate/Government	\$ 3,268,841	\$ 3,268,841
Real Estate Funds	108,559	108,559
Equity Securities		
Large Cap	2,284,233	2,284,233
Small Cap	516,224	516,224
International Developed	804,215	804,215
International Emerging	160,226	160,226
Total	\$ 7,142,298	\$ 7,142,298

Investment income consisted of the following for the year ended August 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and Interest	\$ 163,292	\$ 91,133	\$ 254,425
Net Realized Gains (Losses)	117,820	(73,561)	44,259
Net Unrealized Gains (Losses)	127,637	137,254	264,891
Advisory Fees	(35,491)	-	(35,491)
Total	\$ 373,258	\$ 154,826	\$ 528,084

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31, 2023:

Land	\$ 1,254,463
Buildings and Building Improvements	3,055,847
Furniture and Equipment	430,759
Total	4,741,069
Less Accumulated Depreciation	(1,660,452)
Property and Equipment, Net	\$ 3,080,617

Depreciation expense was \$114,413 for the year ended August 31, 2023.

Nature Forward, Inc.

**Notes to Financial Statements
August 31, 2023**

7. NET ASSETS

Net assets with donor restrictions as of August 31, 2023, are restricted for the following purposes:

Purpose	September 1, 2022	Support and Contributions	Investment Income	Releases	August 31, 2023
Nature For All	\$ 493,104	\$ 218	\$ -	\$ (437,468)	\$ 55,854
Rust Sanctuary	171,646	-	-	(9,625)	162,021
Conservation	527,944	885,573	-	(475,456)	938,061
Environmental Education Programs	407,963	551,988	30,062	(419,780)	570,233
Woodend Restoration	2,903,904	350,255	128,357	(121,212)	3,261,304
Crowder/Messersmith Fund	120,863	10,589	(3,593)	(19,847)	108,012
	<u>4,625,424</u>	<u>1,798,623</u>	<u>154,826</u>	<u>(1,483,388)</u>	<u>5,095,485</u>
Perpetual	<u>1,619,724</u>	<u>20,365</u>	<u>-</u>	<u>-</u>	<u>1,640,089</u>
Total	<u>\$ 6,245,148</u>	<u>\$ 1,818,988</u>	<u>\$ 154,826</u>	<u>\$ (1,483,388)</u>	<u>\$ 6,735,574</u>

Net assets with perpetual donor restrictions as of August 31, 2023, consisted of the following:

Rust Sanctuary	\$ 436,032
Staff Professional Development	400,000
Senior Naturalist Endowment	520,365
Washington, D.C. Area Programs Endowment	279,672
Scholarship Endowment	4,020
Total	<u>\$ 1,640,089</u>

The Scholarship, Senior Naturalist Endowment, Staff Professional Development and Washington, D.C. Area Programs endowments consist of investments to be held indefinitely. The income earned on each is restricted to support the corresponding purposes.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2023

7. NET ASSETS (CONTINUED)

Board designated net assets as of August 31, 2023, are designated for the following purposes:

	<u>2022</u>	<u>Designations</u>	<u>Appropriations</u>	<u>2023</u>
Vacation / Personnel	\$ -	\$ 50,000	\$ (32,679)	\$ 17,321
Benchmarking	-	269,222	(57,313)	211,909
Name Change	16,111	-	(16,111)	-
Restoration Projects	677,813	-	-	677,813
Name Change and Strategic Plan	91,200	-	(88,753)	2,447
Total	<u>\$ 785,124</u>	<u>\$ 319,222</u>	<u>\$ (194,856)</u>	<u>\$ 909,490</u>

8. ENDOWMENTS

Nature Forward's endowments consist of restricted contributions that established endowments to support specific programs of Nature Forward. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Nature Forward has no funds designated by the board of directors to function as endowments.

Interpretation of Relevant Law

Nature Forward has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Nature Forward classifies as net assets with perpetual restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual restrictions is classified as net assets purpose restrictions until those amounts are appropriated for expenditure by Nature Forward in a manner consistent with the standards of prudence prescribed by MUPMIFA.

In accordance with MUPMIFA, Nature Forward considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of Nature Forward and (7) Nature Forward's investment policies.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2023

8. ENDOWMENTS (CONTINUED)

Investment Policy

Nature Forward has adopted an investment policy, approved by the board of directors, for endowment assets to provide a stream of funding to programs supported by its endowment while seeking to maintain the original value of the gifts donated to the perpetual endowment. The investment policy establishes an achievable return objective through diversification of asset classes. Nature Forward relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Nature Forward targets a diversified asset allocation that places an emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk parameters.

Funds with Deficiencies

From time to time, the fair value of assets associated with the endowment funds may fall below the level that the donors require to be retained as a fund of perpetual duration. Nature Forward has interpreted MUPMIFA to permit spending from funds with deficiencies in accordance with prudent measures required under law. As of August 31, 2023, there were no funds with deficiencies.

Appropriation of Endowment Assets for Expenditure

Distributions from donor restricted endowments are made in accordance with the terms of the gifts. Accordingly, the investment income earned, and net appreciations of the endowments' investments are available for expenditure in the current period consistent with the terms of the gifts.

As of August 31, 2023, the donor-restricted endowment net asset composition by type of fund consisted of the following:

Without Donor Restrictions	\$ 9,994
With Donor Restrictions	\$ 1,204,057

Nature Forward, Inc.

Notes to Financial Statements August 31, 2023

8. ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended August 31, 2023, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Period	\$ 9,994	\$ 1,183,692	\$ 1,193,686
Contributions		20,365	20,365
Investment Income	-	-	-
Amounts Appropriated for Expenditures	-	-	-
Endowment Net Assets, End of Period	\$ 9,994	\$ 1,204,057	\$ 1,214,051

9. IN-KIND CONTRIBUTIONS

In-kind contributions include donated goods and services. Donated services that require a specialized skill that Nature Forward would otherwise need to purchase are recorded at estimated fair value. Nature Forward received catering, legal services and other supplies which were reported as in-kind contribution revenue offset by a corresponding expense. In-kind contributions for the year ended August 31, 2023, were valued at \$101,076. In-Kind contributions for the year ended August 31, 2023, were as follows:

Legal Services	\$ 86,632
Special Event Donations	12,444
Naturalist Shop Inventory	2,000
Total	\$ 101,076

10. RENTAL REVENUE

Nature Forward leases portions of its buildings and grounds as site rentals under cancelable operating lease arrangements. The site rentals are usually for less than a day.

11. RETIREMENT PLAN

Nature Forward sponsors a defined contribution retirement plan that qualifies under Section 403(b) of the Internal Revenue Code. Nature Forward's employees are eligible to participate in the plan upon employment. After six months of employment, eligible employees qualify for a matching contribution up to 5% of their salary contributions to the Plan. Employer and employee contributions are vested immediately.

Nature Forward also sponsors a 457(b)-deferred compensation plan for a key employee. Contributions to this plan are remitted annually.

Nature Forward's contribution to the plans for the year ended August 31, 2023, was \$103,692.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2023

12. AVAILABILITY AND LIQUIDITY

The following represents Nature Forward's financial assets at August 31, 2023:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 2,929,854
Accounts Receivable	55,189
Investments	7,142,298
Promises to Give (Pledges) - Current	401,358
	<hr/>
Total Financial Assets	10,528,699
Less Amounts Not Available To Be Used Within One Year:	
Net Assets With Donor Restrictions	(5,779,177)
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	1,020,000
Board-Designated Net Assets	(909,490)
	<hr/>
	(5,668,667)
	<hr/>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 4,860,032

As part of Nature Forward's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical.