



nature forward

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024



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., which comprise the statement of financial position as of August 31, 2024, 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, 2024, 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.

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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bethesda, Maryland
February 20, 2025



Certified Public Accountants

7625 Wisconsin Avenue, Suite 317 | Bethesda, Maryland 20814

202.770.6371

| www.mullinspc.com

| john@mullinspc.com

Nature Forward, Inc.

Statement of Financial Position
August 31, 2024
With Comparative Totals As of August 31, 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and Cash Equivalents	\$ 2,169,954	\$ 2,929,854
Accounts Receivable	169,083	55,189
Promises to Give (Pledges)	614,752	966,065
Inventory	331,665	311,723
Prepaid Expenses	65,965	92,929
Investments	8,365,658	7,142,298
Property and Equipment, Net	3,381,972	3,080,617
Total Assets	\$ 15,099,049	\$ 14,578,675
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 386,677	\$ 487,818
Deferred Revenues	484,283	560,139
Financing Lease	32,902	-
Total Liabilities	903,862	1,047,957
Net Assets		
Without Donor Restrictions		
Undesignated	2,776,853	2,805,037
Property and Equipment	3,381,972	3,080,617
Board Designated	977,388	909,490
Total Without Donor Restrictions	7,136,213	6,795,144
With Donor Restrictions		
Purpose - Nature For All	-	55,854
Purpose - Other	5,418,885	5,039,631
Perpetual	1,640,089	1,640,089
Total With Donor Restrictions	7,058,974	6,735,574
Total Net Assets	14,195,187	13,530,718
Total Liabilities and Net Assets	\$ 15,099,049	\$ 14,578,675

See accompanying Notes to Financial Statements.

Nature Forward, Inc.

Statement of Activities For The Year Ending August 31, 2024 With Comparative Totals For the Year Ended August 31, 2023

	2024				2023
	Without Donor Restrictions	With Donor Restrictions			Total
		Nature For All	Other	Perpetual	
Support and Revenues					
Membership Dues	\$ 127,305	\$ -	\$ -	\$ -	\$ 145,009
Contributions and Grants	1,602,097	-	1,104,844	-	3,376,660
In-Kind Contributions	41,405	-	-	-	101,076
Tuition, Tours, and Field Trips	1,169,339	-	-	-	1,325,909
Sanctuary Shop (Net of Cost of \$235,124)	153,353	-	-	-	157,642
Rent	586,288	-	-	-	660,723
Advertising and Other Revenue	1,569	-	-	-	682
Dividends, Interest, Realized Gains (Losses)	225,414	-	118,156	-	263,193
Less: Investment Advisory Fees	1,354,810	(55,854)	(1,298,956)	-	-
Net Assets Released from Restrictions					
Total Support and Revenues	5,261,580	(55,854)	(75,956)	-	5,129,770
Expenses					
Program Services					
Sanctuaries	1,109,497	-	-	-	1,066,749
Restoration	518,864	-	-	-	364,454
Membership Services	707,907	-	-	-	683,017
Environmental Education	1,594,143	-	-	-	1,581,916
Conservation Programs	623,266	-	-	-	559,463
Total Program Services	4,553,677	-	-	-	4,255,599
Supporting Services					
Fundraising	519,717	-	-	-	413,151
General and Administrative	246,038	-	-	-	335,786
Total Supporting Services	765,755	-	-	-	748,937
Total Expenses	5,319,432	-	-	-	5,004,536
Increase (Decrease) in Net Assets from Operations	(57,852)	(55,854)	(75,956)	-	1,026,358
Net Unrealized Gains (Losses) on Investments	398,921	-	455,210	-	264,891
Changes in Net Assets	341,069	(55,854)	379,254	-	1,291,249
Net Assets, Beginning of Period	6,795,144	55,854	5,039,631	1,640,089	12,239,469
Net Assets, End of Period	\$ 7,136,213	\$ -	\$ 5,418,885	\$ 1,640,089	\$ 13,530,718

See accompanying Notes to Financial Statements.

Nature Forward, Inc.

**Statement of Functional Expenses
For The Year Ended August 31, 2024
With Comparative Totals For the Year Ended August 31, 2023**

	2024						2023	
	Sanctuaries	Restoration	Membership Services	Environmental Education	Conservation Programs	Fundraising	General and Administrative	Total
Salaries and Related Expenses	\$ 488,168	\$ 184,412	\$ 540,295	\$ 1,208,802	\$ 475,430	\$ 351,115	\$ 13,148	\$ 3,261,370
Professional / Contractual Services	249,584	239,173	68,056	111,794	72,318	94,187	191,952	1,027,064
Occupancy and Depreciation	55,077	8,072	28,762	92,527	20,713	14,174	2,683	222,008
Equipment Rental & Repairs	189,374	4,412	4,763	18,829	3,374	14,079	14,269	249,100
Sanctuary Maintenance	68,154	73,939	-	1,082	-	256	-	143,431
Travel	124	1,535	4,187	5,558	4,225	241	368	16,238
Nature Travel	-	-	-	53,040	-	-	-	53,040
Supplies	6,734	2,220	1,477	23,152	4,357	16,859	-	54,799
Dues, Subscriptions, & Fees	19,929	2,999	12,003	5,094	5,758	2,287	3,965	52,035
Printing and Publications	312	1,218	20,824	5,128	855	2,962	96	31,395
Postage and Shipping	1,333	15	6,938	969	31	1,961	70	11,317
Advertising	19,058	-	1,135	4,487	-	700	1,223	26,603
Scholarships and Contributions	-	-	925	26,359	31,229	2,933	512	61,958
Bank Fees	11,437	352	10,212	33,533	2,307	3,635	3,895	65,371
Meetings and Catering	213	517	8,330	3,789	2,669	14,328	2,455	32,301
Other	-	-	-	-	-	-	11,402	11,402
Total	\$ 1,109,497	\$ 518,864	\$ 707,907	\$ 1,594,143	\$ 623,266	\$ 519,717	\$ 246,038	\$ 5,319,432
								\$ 5,004,536

See accompanying Notes to Financial Statements.

Nature Forward, Inc.

Statement of Cash Flows
For The Year Ending August 31, 2024
With Comparative Totals For the Year Ended August 31, 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 664,469	\$ 1,291,249
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used in (Provided by) Operating Activities		
Depreciation	131,548	114,413
Net (Gains) Losses on Investments	(924,660)	(309,150)
Losses on Disposal of Property and Equipment	1,785	9,027
Donated Investments	(200,396)	(268,677)
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	(113,894)	34,861
Promises to Give	351,313	(473,732)
Inventory	(19,942)	(11,652)
Prepaid Expenses	26,964	(50,815)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(101,141)	(101,947)
Deferred Revenues	(75,856)	(81,494)
Net Cash Provided by (Used in) Operating Activities	<u>(259,810)</u>	<u>152,083</u>
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(395,206)	(328,141)
Purchases of Investments	(3,504,262)	(2,905,794)
Sales and Maturities of Investments	3,405,958	3,250,828
Net Cash Provided by (Used in) Investing Activities	<u>(493,510)</u>	<u>16,893</u>
Cash Flows from Financing Activities		
Principal Payments on Financing Lease	(6,580)	-
Net Cash Provided by (Used in) Financing Activities	<u>(6,580)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(759,900)	168,976
Cash and Cash Equivalents, Beginning of Period	2,929,854	2,760,878
Cash and Cash Equivalents, End of Period	<u>\$ 2,169,954</u>	<u>\$ 2,929,854</u>
Supplementary Disclosure of Cash Flow Information		
Equipment Acquired with a Capital Lease	\$ 39,482	

See accompanying Notes to Financial Statements.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2024

1. ORGANIZATION AND PURPOSE

Nature Forward, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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 in accordance with the accrual basis of accounting and 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.

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, 2024. Actual results could differ from those estimates.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 stated at unpaid balances less an allowance for credit losses. Nature Forward estimates credit losses using historical experience, current conditions, and reasonable and supportable forecasts. It is Nature Forward's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management considers all amounts to be fully collectible. Accordingly, an allowance for credit losses has not been established.

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 net realizable 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.

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.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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 deeded 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, 2024.

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

Revenue is recognized from tuition, tours and field trip fees when the performance obligations of providing the services are met. As of August 31, 2024, there was \$127,225 in deferred revenue related to tuition, tours and field trips.

Sanctuary shop sales are recognized at the time of purchase.

Rental income includes amounts paid from 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, 2024, there was \$333,558 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, the categories of expenses that are attributable to more than one program or supporting function have been allocated among the programs and supporting services based on time and effort.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2024, 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, 2024, there have been no matters that would have resulted in an accrual for interest and/or penalties.

Generally, the tax years before 2021 are no longer subject to examination by federal, state, or local taxing authorities.

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, 2023, from which the summarized information was derived.

New 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. This standard was adopted in the current fiscal year and did not have a significant impact on the financial statements.

Subsequent Events

Management has evaluated subsequent events through February 20, 2025 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, 2024

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	\$	331,030
Between One and Five Years		378,000
Five Years or More		-
		<hr/>
Allowance for Doubtful Promises		(64,983)
Net Present Value Discount at 2.5%		(29,295)
		<hr/>
Total	\$	<u>614,752</u>

The Nature For All campaign promises to give included above were \$110 as August 31, 2024.

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.

As of August 31, 2024, these investments and their fair value measurements were:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>
Fixed Income		
Corporate/Government	\$ 3,517,314	\$ 3,517,314
Equity Securities		
Large Cap	2,925,256	2,925,256
Small Cap	572,461	572,461
International Developed	1,075,438	1,075,438
International Emerging	275,189	275,189
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Total	<u>\$ 8,365,658</u>	<u>\$ 8,365,658</u>

Nature Forward, Inc.

Notes to Financial Statements August 31, 2024

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investment income consisted of the following for the year ended August 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and Interest	\$ 168,875	\$ 143,233	\$ 312,108
Net Realized Gains (Losses)	80,264	(9,735)	70,529
Net Unrealized Gains (Losses)	398,921	455,210	854,131
Advisory Fees	(23,725)	(15,342)	(39,067)
Total	\$ 624,335	\$ 573,366	\$ 1,197,701

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31, 2024:

Land	\$ 1,254,463
Buildings and Building Improvements	3,362,100
Furniture and Equipment	428,650
Total	5,045,213
Less Accumulated Depreciation	(1,663,241)
Property and Equipment, Net	\$ 3,381,972

Depreciation expense was \$131,548 for the year ended August 31, 2024.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2024

7. NET ASSETS

Net assets with donor restrictions as of August 31, 2024, are restricted for the following purposes:

Purpose	September 1, 2023	Support and Contributions	Investment Income	Releases	August 31, 2024
Nature For All	\$ 55,854	\$ -	\$ -	\$ (55,854)	\$ -
Rust Sanctuary	162,021	-	-	(8,823)	153,198
Conservation	938,061	337,287	-	(505,921)	769,427
Environmental Education Programs	570,233	261,954	175,658	(389,917)	617,928
Woodend Restoration	3,261,304	475,651	379,440	(355,171)	3,761,224
Professional Development	-	11,566	-	-	11,566
Crowder/Messersmith Fund	108,012	18,386	18,268	(39,124)	105,542
	<u>5,095,485</u>	<u>1,104,844</u>	<u>573,366</u>	<u>(1,354,810)</u>	<u>5,418,885</u>
Perpetual	<u>1,640,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,640,089</u>
Total	<u>\$ 6,735,574</u>	<u>\$ 1,104,844</u>	<u>\$ 573,366</u>	<u>\$ (1,354,810)</u>	<u>\$ 7,058,974</u>

Net assets with perpetual donor restrictions as of August 31, 2024, 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	<u>4,020</u>
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, 2024

7. NET ASSETS (CONTINUED)

Board designated net assets as of August 31, 2024, are designated for the following purposes:

	September 1, 2023	Designations	Appropriations	August 31, 2024
Vacation / Personnel	\$ 17,321	\$ -	\$ -	\$ 17,321
Benchmarking	211,909	-	(157,003)	54,906
Restoration Projects	677,813	-	-	677,813
Name Change and Strategic Plan	2,447	-	(2,447)	-
Tent	-	345,611	(345,611)	-
Advertising	-	234,000	(44,152)	189,848
Teale Accessibility	-	30,000	-	30,000
IDEA Training	-	17,500	(10,000)	7,500
Total	<u>\$ 909,490</u>	<u>\$ 627,111</u>	<u>\$ (559,213)</u>	<u>\$ 977,388</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 with purpose restrictions until those amounts are appropriated for expenditure by Nature Forward in a manner consistent with the standards of prudence prescribed by MUPMIFA.

Nature Forward, Inc.

Notes to Financial Statements August 31, 2024

8. ENDOWMENTS (CONTINUED)

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.

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, 2024, 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, 2024, the endowment net asset composition by type of fund consisted of the following:

Without Donor Restrictions	\$ 185,652
With Donor Restrictions	\$ 1,204,057

Nature Forward, Inc.

Notes to Financial Statements August 31, 2024

8. ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended August 31, 2024, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Period	\$ 9,994	\$ 1,204,057	\$ 1,214,051
Contributions		-	-
Investment Income	175,658	-	175,658
Amounts Appropriated for Expenditures	-	-	-
Endowment Net Assets, End of Period	\$ 185,652	\$ 1,204,057	\$ 1,389,709

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, 2024, were valued at \$41,405. In-Kind contributions for the year ended August 31, 2024, were as follows:

Legal Services	\$ 26,212
Special Event Donations	14,849
Software	244
Speaker Fees	100
Total	<u>\$ 41,405</u>

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.

The following table provides information about significant changes in deferred rental revenue for the year ended August 31, 2024.

Deferred Revenue, Beginning of Year	456,205
Revenue Recognized That Was Included in Deferred Revenue at the Beginning of the Year	(597,642)
Increase in Deferred Revenue Due to Cash Received During the Year	<u>474,995</u>
Deferred Revenue, End Year	<u>\$ 333,558</u>

Nature Forward, Inc.

Notes to Financial Statements August 31, 2024

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, 2024, was \$79,790.

12. AVAILABILITY AND LIQUIDITY

The following represents Nature Forward's financial assets at August 31, 2024:

Financial Assets at Year End:

Cash and Cash Equivalents	\$ 2,169,954
Accounts Receivable	169,083
Investments	8,365,658
Promises to Give (Pledges)	614,752
Total Financial Assets	<u>11,319,447</u>

Less Amounts Not Available To Be Used Within One Year:

Net Assets With Donor Restrictions	(7,058,974)
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	1,100,000
Board-Designated Net Assets	<u>(977,388)</u>
	<u>(6,936,362)</u>

Financial Assets Available to Meet General Expenditures

Over the Next Twelve Months	<u>\$ 4,383,085</u>
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As part of Nature Forward's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical.

13. SUBSEQUENT EVENTS

Subsequent to year end, the federal administration introduced a series of Executive Orders, memos, and federal agency guidance regarding new compliance obligations, cost considerations, and enforcement risks which may directly impact federal, state, and local grants. The implications of many of these measures are unclear. As a result, there is considerable uncertainty regarding the future availability of grant funding and its potential impact on Nature Forward.