PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

NATUREBRIDGE

Combined Financial Statements
June 30, 2011 and 2010

With

Report of Independent Auditors

NatureBridge

June 30, 2011

INDEX

PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors,
NatureBridge

We have audited the accompanying combined statements of financial position of NatureBridge (Organization) as of June 30, 2011 and 2010, and the related combined statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above, present fairly, in all material respects, the combined financial position of NatureBridge as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

PMB Helin Donovan, LLP

PMB Helin Donovan, LLP

San Francisco, California
November 11, 2011

NatureBridge
Combined Statements of Financial Position
As of June 30, 2011 and 2010

ASSETS

		2011	2010
Current assets:			
Cash and cash equivalents	$	5,027,581	4,195,956
Accounts receivable, net		120,462	235,917
Pledges receivable, current portion, net		1,197,084	870,980
Inventory		110,042	94,418
Prepaid expenses		181,499	80,982
Future leasehold rights - current portion		340,116	309,061
Total current assets		6,976,784	5,787,314
Pledges receivable, net of current portion		699,173	1,561,592
Deposits		14,623	13,023
Investments at fair value		4,517,588	1,972,918
Property, equipment, and improvements, net		12,651,710	11,299,552
Future leasehold rights, net of current portion		4,046,779	4,237,149
Total assets	$	28,906,657	24,871,548

LIABILITIES AND NET ASSETS

		2011	2010
Current liabilities:			
Accounts payable and accrued expenses	$	1,242,469	1,245,940
Capital lease payable, current portion		4,165	3,893
Deferred revenue		1,367,800	1,243,444
Deposits payable		25,782	20,233
Total current liabilities		2,640,216	2,513,510
Capital lease payable, net of current portion		16,801	-
Total liabilities		2,657,017	2,513,510
Net assets:			
Unrestricted net assets		5,950,357	6,397,276
Temporarily restricted net assets		19,673,935	15,336,514
Permanently restricted net assets		625,348	624,248
Total net assets		26,249,640	22,358,038
Total liabilities and net assets	$	28,906,657	24,871,548

The accompanying notes are an integral part of these financial statements

NatureBridge

Combined Statement of Activities

For the Year Ended June 30, 2011

(With combined comparative totals for the year ended June 30, 2010)

		Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2011	Total 2010
REVENUE AND SUPPORT						
Program Revenue:						
Field science programs	$	8,889,758	-	-	8,889,758	8,807,665
Conferences and adult programs		1,193,625	-	-	1,193,625	1,140,161
Summer program revenue		435,494	-	-	435,494	363,971
Other income		306,755	-	-	306,755	311,398
Total program revenue		10,825,632	-	-	10,825,632	10,623,195
Other revenue:						
Retail sales, net of cost of goods sold		20,719	-	-	20,719	13,024
Investment gain		66,766	196,612	-	263,378	125,421
Gain/(loss) on disposal of property and equipment		120,442	-	-	120,442	(43,360)
Accretion of discount on future leasehold rights		-	139,284	-	139,284	139,112
Total other revenue		207,927	335,896	-	543,823	234,197
Public support:						
Donations and grants		661,300	6,967,767	1,100	7,630,167	5,381,852
Donated goods and services		667,746	149,746	-	817,492	1,108,133
Total public support		1,329,046	7,117,513	1,100	8,447,659	6,489,985
Net assets released from restrictions		3,115,988	(3,115,988)	-	-	-
Total revenue and support		15,478,593	4,337,421	1,100	19,817,114	17,347,377
EXPENSES						
Program services		12,258,508	-	-	12,258,508	11,109,473
General and administrative		2,546,257	-	-	2,546,257	1,704,888
Fundraising and development		1,120,747	-	-	1,120,747	1,090,613
Total operating expenses		15,925,512	-	-	15,925,512	13,904,974
Change in net assets		(446,919)	4,337,421	1,100	3,891,602	3,442,403
Net assets at beginning of year		6,397,276	15,336,514	624,248	22,358,038	18,915,635
Net assets at end of year	$	5,950,357	19,673,935	625,348	26,249,640	22,358,038

The accompanying notes are an integral part of these financial statements

NatureBridge
Combined Statement of Activities
For the Year Ended June 30, 2010

		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT					
Program Revenue:					
Field science programs	$	8,807,665	-	-	8,807,665
Conferences and adult programs		1,140,161	-	-	1,140,161
Summer program revenue		363,971	-	-	363,971
Other income		311,398	-	-	311,398
Total program revenue		10,623,195	-	-	10,623,195
Other revenue:					
Retail sales, net of cost of goods sold		13,024	-	-	13,024
Investment gain		40,605	84,816	-	125,421
Gain/(loss) on disposal of property and equipment		(43,360)	-	-	(43,360)
Accretion of discount on future leasehold rights		-	139,112	-	139,112
Total other revenue		10,269	223,928	-	234,197
Public support:					
Donations and grants		636,132	4,744,820	900	5,381,852
Donated goods and services		832,416	275,717	-	1,108,133
Total public support		1,468,548	5,020,537	900	6,489,985
Net assets released from restrictions		2,230,098	(2,230,098)	-	-
Total revenue and support		14,332,110	3,014,367	900	17,347,377
EXPENSES					
Program services		11,109,473	-	-	11,109,473
General and administrative		1,704,888	-	-	1,704,888
Fundraising and development		1,090,613	-	-	1,090,613
Total operating expenses		13,904,974	-	-	13,904,974
Change in net assets		427,136	3,014,367	900	3,442,403
Net assets at beginning of year		5,970,140	12,322,147	623,348	18,915,635
Net assets at end of year	$	6,397,276	15,336,514	624,248	22,358,038

The accompanying notes are an integral part of these financial statements

NatureBridge

Combined Statements of Cash Flows

For the Years Ended June 30, 2011 and 2010

		2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Changes in net assets	$	3,891,602	3,442,403
Adjustments to reconcile changes in net assets to net cash provided by operating activities:			
Contributions restricted for non-operating use		(2,094,576)	(3,264,950)
Depreciation		411,768	444,792
Disposal of property, equipment and improvements		(120,442)	43,360
Amortization of prepaid rent expense		298,599	9,170
Accretion of discount on future leasehold rights		(139,284)	(139,112)
Appreciation in investments		(178,613)	(46,210)
Provision for bad debts		(5,524)	(5,086)
Changes in operating assets and liabilities:			
Inventory		(15,624)	(54,756)
Prepaid expenses		(100,517)	(43,521)
Accounts receivable		120,979	(45,883)
Pledges receivable		536,315	350,958
Deposits receivable		(1,600)	280
Accounts payable and accrued expenses		(3,471)	(105,363)
Deferred revenue		124,356	28,671
Deposits payable		5,549	(797)
Net cash provided by operating activities		2,729,517	613,956
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of investments		573,475	1,347,434
Investments in securities and time deposit		(2,939,533)	(1,409,928)
Proceeds from sale of property and equipment		180,000	-
Purchases of property, equipment and improvements		(1,799,790)	(3,691,354)
Net cash used in investing activities		(3,985,848)	(3,753,848)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of funds restricted for capital projects		2,093,476	3,264,050
Receipt of permanently restricted funds		1,100	900
Repayment of capital lease agreement		(6,620)	(10,927)
Net cash provided by financing activities		2,087,956	3,254,023
Net increase in cash and cash equivalents		831,625	114,131
Cash and cash equivalents, beginning of year		4,195,956	4,081,825
Cash and cash equivalents, end of year	$	5,027,581	4,195,956
SUPPLEMENTAL INFORMATION			
Assets acquired through capital leases	$	23,693	-
Cash paid for interest	$	7,087	7,087
Donated services	$	817,492	1,108,133

The accompanying notes are an integral part of these financial statements

NatureBridge
Combined Statements of Functional Expenses
For the Years Ended June 30, 2011 and 2010

		Program Services	General and Administrative	Fund-raising	Total 2011	Program Services	General and Administrative	Fund-raising	Total 2010
Personnel	$	6,292,837	1,313,406	641,031	8,247,274	5,422,145	894,117	683,593	6,999,855
Occupancy and supplies		2,045,670	202,226	77,415	2,325,311	1,915,832	197,708	159,155	2,272,695
Food		1,360,592	-	1,008	1,361,600	1,354,161	27	1,303	1,355,491
Scholarships		1,260,140	-	-	1,260,140	1,314,187	-	-	1,314,187
Contracted transportation		169,281	-	-	169,281	141,005	-	-	141,005
Outside services		255,701	843,109	270,712	1,369,522	237,564	386,906	174,067	798,537
Insurance		142,723	3,531	2,459	148,713	134,535	7,670	-	142,205
Depreciation		357,602	31,930	22,236	411,768	373,224	71,568	-	444,792
Grants paid to others		70,823	-	-	70,823	-	-	-	-
Other expenses		303,139	152,055	105,886	561,080	216,820	146,892	72,495	436,207
Total expenses	$	12,258,508	2,546,257	1,120,747	15,925,512	11,109,473	1,704,888	1,090,613	13,904,974

The accompanying notes are an integral part of these financial statements

1. Organization and Summary of Significant Accounting Policies

Organization – NatureBridge (Organization) is a nonprofit, group exempt public benefit corporation which provides field-based science and environmental education programs at its four affiliated incorporated institutes: Yosemite Institute (YI) in Yosemite National Park (California), Headlands Institute (HI) in the Golden Gate National Recreation Area (California), Olympic Park Institute (OPI) in Olympic National Park (Washington) and Santa Monica Mountains Institute (SMM) in Santa Monica Mountains National Recreation Area. The Organization is governed by a Board of Directors who serves without the benefit of compensation. NatureBridge's major sources of income are program fees, grants, and donations. The Organization works in partnership with the National Park Service and operates under cooperative agreements with the United States Department of the Interior. Since 1971, hundreds of thousands of youth and adult students alike have participated in these experiential learning adventures in "Nature's Classroom," with approximately 30,000 students attending in 2011, coupled with another 10,000 individuals attending the valuable conferences offered.

Basis of Presentation – The combined financial statements are presented for accounting and reporting purposes into three classes of net assets, according to externally imposed restrictions:

Unrestricted net assets – Net assets that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions have been met.

Temporarily restricted net assets – Net assets resulting from (a) contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations, (b) other asset enhancements and diminishments that are subject to the same kind of stipulations, and (c) reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the organization pursuant to those stipulations.

Permanently restricted net assets – Net assets resulting from (a) contributions and other inflows of assets whose use by the organization is limited by donor-imposed restrictions that neither expire by passage of time nor can be fulfilled nor otherwise removed by actions of the organization, (b) other asset enhancement and diminishments that are subject to the same kinds of stipulations, and (c) reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

1. Organization and Summary of Significant Accounting Policies - continued

Basis of Accounting – The financial statements of the Organization are prepared using the accrual method of accounting, which reflects revenue when earned and expenses as incurred.

Cash and Cash Equivalents – For the purposes of the statement of cash flows, cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments acquired within three months of their maturity so that the risk of changes in value due to changes in interest rates is negligible.

Contributions – Contributions are recognized when a donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services – Contributions of donated assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

Inventory – Costs of retail items held for sale as well as foodstuffs are included in inventory, which is stated at the lower of cost (determined on the first-in, first-out basis) or market.

Property, Equipment, and Improvements – The Organization records property, equipment, and improvements in excess of $1,500 at historical cost, or if donated, at fair value at the date of donation. Depreciation is determined on the straight-line method over the lesser of the estimated useful lives or lease terms as follows: 2 to 10 years for equipment (including vehicles) and lesser of 2 to 27 years for lease term leasehold improvements.

Functional Allocations of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated to the programs and supporting services benefited. In 2011, the Organization's General and Administrative costs increased by $841,369 from the previous year. A significant portion of this increase stems from a major grant received in 2011 which focuses on strengthening the Organization's technology infrastructure, enabling staffing additions to examine and enhance its science-based climate change curriculum in preparation for introducing it to a web-based national audience, expanding communications and marketing

1. Organization and Summary of Significant Accounting Policies - continued

tools as part of a national branding initiative, and broadening the reach of its volunteer efforts, including that of its Board of Directors. The spending is consistent with major initiatives identified in the NatureBridge Strategic Plan.

Allowance for Doubtful Accounts – Accounts receivable includes trade accounts receivable and pledges receivable, are shown net of the allowance for doubtful accounts.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Examples of management's use of estimates include fixed assets useful lives, fair value of investments, allowance for doubtful accounts, imputed interest rates used to arrive at net present value calculations and the allocation of expenses to program activities and supporting services.

Investments – The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and represent the change in the fair value of investments from one year to another.

Fair Value of Financial Instruments – The Organization is required to disclose estimated fair values of its financial instruments. The fair value estimates presented herein are based on relevant information available to management as of June 30, 2011 and 2010. Because the reporting requirements exclude certain financial instruments and all non-financial instruments the aggregate fair value amounts presented herein do not represent management's estimate of the underlying value of the Organization.

The Organization's financial instruments consist principally of cash and cash equivalents, prepaid expenses, notes receivables, investments, other assets, accounts payable, and accrued expenses. The Organization believes all of the financial instruments' recorded values approximate fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price methodology). The Organization uses a framework for measuring fair value that includes a hierarchy used to classify inputs used in measuring fair value. The hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels which are either observable or unobservable. Observable inputs reflect market data obtained from independent

1. Organization and Summary of Significant Accounting Policies - continued

sources while unobservable inputs reflect an entity's view of market assumptions in the absence of observable market information.

The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The three levels of the fair value hierarchy are as follows:

Level 1: Fair value is based on unadjusted quoted prices in active markets that are accessible to the Organization for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. These generally provide the most reliable evidence and are used to measure fair value whenever available. The Organization's Level 1 assets and liabilities include exchange traded equities. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

Level 2: Fair value is based upon significant inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable for substantially the full term of the asset or liability through corroboration with observable market data as of the reporting date. Level 2 inputs include quoted market prices in active markets for similar assets and liabilities, quoted market prices in markets that are not active for identical or similar assets or liabilities, model-derived valuations whose inputs are observable or whose significant value drivers are observable and other observable inputs.

Level 3: Fair value is based on significant unobservable inputs which reflect the entity's or third party pricing service assumptions about the assumptions market participants would use in pricing an asset or liability. Valuations are estimated based on non-binding broker prices or internally developed valuation models or methodologies, discounted cash flow models and other similar techniques.

New Accounting Pronouncements – In January 2010, the FASB issued guidance to improve disclosures about fair value measurements. The guidance provides amendments to require new disclosures regarding transfers in and out of Levels 1 and 2 of the fair value measurement hierarchy, and activity in Level 3, and to clarify existing disclosures regarding the level of disaggregation, inputs and valuation techniques. The guidance is effective for interim and annual reporting periods beginning after December 15, 2009, except for the new disclosures regarding purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Organization does not expect this guidance to have a material impact on these financial statements.

2. Cooperative Agreements with the National Park Service

Beginning in 1984, The Organization entered into cooperative agreements with the U.S. Department of the Interior, National Park Service, with regard to land and facilities use and educational programs at three National Parks: Yosemite, Marin Headlands (Golden Gate National Recreation Area) and Olympic National Park. Under the terms of these agreements, the Organization will occupy certain buildings and grounds through 2031. During that time NatureBridge will provide various educational programs as approved by the Park Service and comply with its rules, regulations and directives.

Under the agreements, NatureBridge will also provide capital improvements and maintenance to the facilities, all of which remain the property of the government. The Organization will not have a right of possessory interest to most of these assets.

Any substantive changes in the cooperative agreements could have significant effects on how the Organization conducts its activities and services.

3. Accounts Receivable

Accounts receivable consist primarily of amounts due from the Organization's participant user groups and such amounts are expected to be received in the current year.

		2011	2010
Gross accounts receivable	$	136,249	257,228
Less allowance for doubtful account		(15,787)	(21,311)
Account receivable, net	$	120,462	235,917

4. Pledges Receivable

Pledges receivable consist primarily of amounts associated with capital projects, education programs, and other projects. Pledges not expected to be paid within one year are discounted to net present value using discount rates ranging between 2.25% to 3.15% depending upon of the year the pledge occurred. Total amount of pledges receivable at June 30, 2011 and 2010 is as follows:

		2011	2010
Receivable in less than one year	$	1,197,084	870,980
Receivable in one to five years		739,948	1,640,273
Total pledges receivable		1,937,032	2,511,253
Less discount to net present value		(40,775)	(78,681)
Net pledges receivable	$	1,896,257	2,432,572

5. Conditional Promises

During 2009 NatureBridge received a conditional grants totaling $5,000,000. The grant is conditioned upon the progress of campus development at Yosemite National Park. As of 2010, NatureBridge recorded $3,250,000 in donation support under this grant. During 2011, the Organization recorded an additional $1,500,000. All grant proceeds will be used to fund the Yosemite Capital Project.

6. Investments

Investments, which are carried at fair value, consist of the following at June 30, 2011 and 2010.

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Bond mutual funds	$ 4,073,950	4,261,710	1,452,946	1,472,968
Time deposit	255,878	255,878	498,645	498,645
Other	-	-	6,500	1,305
Total	$ 4,329,828	4,517,588	1,958,091	1,972,918

The following summarizes the investment income for the years ended June 30:

	2011	2010
Interest and dividend income	$ 84,765	79,127
Appreciation in investments	178,613	46,294
Total	$ 263,378	125,421

7. Fair Value of Financial Instruments

The following table sets forth the Organization's assets and liabilities that are measured at fair value on a recurring basis as of the June 30, 2011 and 2010:

Description	Level 1	Level 2	Level 3	2011
Bond mutual fund	$ 4,261,710	-	-	4,267,710
Time deposit	-	255,878	-	255,878
Total	$ 4,261,710	255,878	-	4,517,588

7. Fair Value of Financial Instruments - continued

Description		Level 1	Level 2	Level 3	2010
Bond mutual fund	$	1,472,968	-	-	1,472,968
Time deposit		-	498,645	-	498,645
Other		1,305	-	-	1,305
Total	$	1,474,273	498,645	-	1,972,918

8. Future Leasehold Rights

Future leasehold rights represents the value of the future use of National Park Service facilities contributed to NatureBridge in the form of cooperative agreements. These contributions are recognized at their net present values at the time the agreements are originated or modified at a discount rate of 3.15%. The leasehold rights which expire through October 2031 were valued on the basis of management's analysis of comparable rents in each of the three local markets after taking into consideration improvements made by the Organization.

9. Permanently Restricted Net Assets

These funds are investments in perpetuity, the income from which is expendable for operations. Certain of the endowment funds of NatureBridge are subject to donor restrictions requiring that the income be used only for specified purposes. While income from the remaining endowments may be used for the general purposes of the Organization, management has elected to treat the income on all endowments as temporarily restricted. Endowments at June 30, 2011 and 2010 were as follows:

		2011	2010
Bishop/Marcus Memorial Fellowship Fund	$	241,798	241,798
Sharpe Memorial Fund		118,504	118,004
Duncan Environmental Education Ventures Fund		100,250	100,250
NatureBridge Endowment		61,108	60,608
BFF Endowment		60,477	60,477
Moser Endowment		10,000	10,000
Avery Memorial Fund		9,000	9,000
Groff Memorial Scholarship Fund		8,050	8,050
Green Memorial Fund		7,161	7,061
Menzter Memorial Fund		5,000	5,000
Kelly Memorial Endowment		4,000	4,000
Total	$	625,348	624,248

10. Endowment Fund

The Organization's endowment consists of eleven funds established for a variety of purposes and includes donor-restricted funds. Net assets associated with this endowment are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of NatureBridge has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 net assets that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, NatureBridge considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

10. Endowment Fund - continued

As of June 30, 2011, endowment net asset composition by type of fund was as follows:

Donor-restricted Endowment Funds		Unrestricted	Temporarily Restricted	Permanently Restricted	2011
Bishop/Marcus Memorial Fellowship Fund	$	-	20,932	241,798	262,730
Green Memorial Fund		-	2,121	7,061	9,282
Sharpe Memorial Fund		-	37,553	118,504	156,057
Avery Memorial Fund		-	5,406	9,000	14,406
Duncan Environmental Education Ventures Funds		-	49,252	100,250	149,502
Kelly Memorial Endowment		-	1,482	4,000	5,482
Mentzer Memorial Fund		-	2,602	5,000	7,602
Moser Endowment		-	3,266	10,000	13,266
BFF Endowment		-	21,374	60,477	81,851
Groff Memorial Scholarship Fund		-	4,410	8,050	12,460
NatureBridge Endowment		-	12,481	61,008	73,589
Total	$	-	160,879	625,348	786,227

Changes in endowment net assets for the year ended June 30, 2011:

		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, Beginning of year	$	(8,213)	70,164	624,248	686,199
Investment Return: Total investment return		8,213	99,831	-	108,044
Contributions		-	-	1,100	1,100
Appropriation of endowment assets for expenditures		-	(9,116)	-	(9,116)
Endowment net assets, ending of year	$	-	160,879	625,348	786,227

10. Endowment Fund - continued

As of June 30, 2010, endowment net asset composition by type of fund was as follows:

Donor-restricted Endowment Funds		Unrestricted	Temporarily Restricted	Permanently Restricted	2010
Bishop/Marcus Memorial Fellowship Fund	$	(8,213)	-	241,798	233,585
Green Memorial Fund		-	882	7,061	7,943
Sharpe Memorial Fund		-	16,774	118,004	134,778
Avery Memorial Fund		-	3,483	9,000	12,483
Duncan Environmental Education Ventures Funds		-	29,299	100,250	129,549
Kelly Memorial Endowment		-	750	4,000	4,750
Mentzer Memorial Fund		-	1,588	5,000	6,588
Moser Endowment		-	1,495	10,000	11,495
BFF Endowment		-	10,450	60,477	70,927
Groff Memorial Scholarship Fund		-	2,747	8,050	10,797
NatureBridge Endowment		-	2,696	60,608	63,304
Total	$	(8,213)	70,164	624,248	686,199

Changes in endowment net assets for the year ended June 30, 2010:

		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, Beginning of year	$	(19,920)	42,014	623,348	645,442
Investment Return: Total investment return		17,474	28,822	-	46,296
Contributions		-	-	900	900
Appropriation of endowment assets for expenditures		(5,767)	(672)	-	(6,439)
Endowment net assets, ending of year	$	(8,213)	70,164	624,248	686,199

10. Endowment Fund - continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or Board of Directors requires the Organization to retain as a fund of perpetual duration. There was no net deficiency of this nature as of June 30, 2011.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to preserve the purchasing power of the Endowment Fund and at the same time provide a regular and growing distribution of funds for the use of the Organization, consistent with the terms of the Endowment Fund Distribution Policy and the terms governing each of the individual endowment funds. A balanced approach is to be taken between risk, preservation of capital, income and growth.

Strategies Employed for Achieving Objectives

To satisfy its investment policy objectives, NatureBridge relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) through equity-based investments and current yield (interest and dividends) through fixed income investments. NatureBridge targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

NatureBridge has a policy of appropriating for distribution each year an amount of five percent of its investment portfolio's average asset based on an eighteen month trailing average of accumulated contributions and earnings within the fund. The Board of Directors may request all, a portion, or none of the appropriation be distributed in accordance with the endowment fund’s purpose as defined by the endowment agreement or applicable board resolution. Any portion of the distribution not appropriated by the Board shall be kept in the endowment fund, be governed by the endowment investment policy, and be available for future distribution in accordance with the distribution policy.

11. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following:

		2011	2010
Trade accounts payable	$	422,419	579,611
Accrued salaries and wages		257,052	199,791
Accrued vacation		428,286	337,509
Other		134,712	129,029
Total	$	1,242,469	1,245,940

12. Donated goods and services

Donated goods and services for the years ended June 30, 2011 and 2010 consisted of the following.

		2011	2010
Rent	$	687,131	923,322
Legal fees		19,732	5,528
Branding professional services		52,600	63,500
Logo merchandise		-	32,130
Event & services goods		126	13,761
On-line surveys		-	5,000
Marketing		-	8,250
Software		51,963	52,904
Other		5,940	3,738
Total	$	817,492	1,108,133

13. Deferred Revenue

Deferred revenue, which is expected to be recognized as income in the following fiscal year consisted of program deposits which totaled $1,367,800 and $1,243,444 at June 30, 2011 and 2010, respectively.

14. Property, Equipment and Improvements

Property, equipment, and improvements at June 30, 2011 and 2010 consist of the following:

		Yosemite Institute	Headlands Institute	Olympic Park Institute	Santa Monica Mountains Institute	National Office	2011
Capitalized development costs	$	8,024,235	556,808	829	-	135,003	8,716,875
Buildings and improvements		1,886,948	1,665,923	2,833,948	-	39,569	6,426,388
Equipment and furniture		346,527	417,382	237,678	30,935	386,486	1,419,008
Vehicles		107,016	54,847	129,489	48,111	-	339,463
Total		10,364,726	2,694,960	3,201,944	79,046	561,058	16,901,734
Less: accumulated depreciation		(971,290)	(1,429,047)	(1,547,642)	(33,744)	(268,301)	(4,250,024)
Net property and equipment	$	9,393,436	1,265,913	1,654,302	45,302	292,757	12,651,710

		Yosemite Institute	Headlands Institute	Olympic Park Institute	Santa Monica Mountains Institute	National Office	2010
Capitalized development costs	$	7,380,164	545,750	829	-	68,268	7,995,011
Buildings and improvements		1,235,133	1,587,866	2,816,987	-	37,778	5,678,164
Equipment and furniture		377,223	398,270	194,385	18,408	352,928	1,341,214
Vehicles		107,016	54,847	129,489	48,111	-	339,463
Total		9,099,936	2,586,733	3,141,690	66,519	458,974	15,353,852
Less: accumulated depreciation		(1,013,390)	(1,347,826)	(1,458,607)	(19,246)	(206,231)	(4,054,300)
Net property and equipment	$	8,086,546	1,229,907	1,683,083	47,273	252,743	11,299,552

14. Property, Equipment, and Improvements - continued

Capitalized development costs were incurred in planning, designing, and obtaining approval for projects within National Parks. Substantially all of the property and equipment is installed on government property and the Organization's use of it may be limited or denied by the National Park Service under broad contractual and statutory provisions. Depreciation expense for the years ended June 30, 2011 and 2010 was $411,768 and $444,792, respectively.

15. Capital Lease

The Organization has entered into capital lease agreements for a telephone system and photocopiers with a net book value of $25,399 and $42,742 at June 30, 2011 and 2010, respectively. Terms of the lease call for monthly payments of $493 through January 18, 2016 at an interest rate of 7.5% to 10.9%. Future minimum lease payments are as follows:

2012	$	5,911
2013		5,911
2014		5,911
2015		5,911
2016		1,872
Total minimum lease payments		25,516
Less amount representing interest		(4,550)
Present value of net minimum lease payments		20,996
Less current portion		4,165
Long-term portion	$	16,801

Interest paid during the years ended June 30, 2011 and 2010 was $1,311 and $2,043, respectively.

16. Net Assets

Temporarily Restricted Net Assets – These are contributions which were received with donor stipulations that limit the use of the assets for specific purposes and/or for specific time periods. Temporarily restricted net assets also include amounts of interest and gains or losses transferred from permanently restricted net assets, and were held for the following uses at June 30, 2011 and 2010:

		2011	2010
Future leasehold rights	$	4,386,895	4,546,210
Capital projects		10,027,624	8,920,486
Diversity initiative		3,314,708	745,819
Other programs		1,944,708	1,123,999
Total	$	19,673,935	15,336,514

17. Net Assets Released from Restrictions

NatureBridge fulfilled the time and/or use restrictions of the following temporarily restricted items and they were released to unrestricted net assets:

		2011	2010
Use of parklands and facilities	$	448,345	284,888
Capital projects		26,000	206,000
Diversity initiative		1,822,663	1,082,705
Other programs		818,980	656,505
Total	$	3,115,988	2,230,098

18. Other income

Other income for the years ended June 30, 2011 and 2010 consist of the following:

		2011	2010
Billed services	$	97,474	110,884
Forfeited deposits		110,417	96,377
Other income		2,883	10,029
Rental income		20,879	14,946
Scholarship fees		75,102	79,162
	$	306,755	311,398

19. Retail Sales

NatureBridge sells gift and promotional items to the general public. The results of these sales were as follows:

		2011	2010
Retail sales	$	51,017	26,281
Less: cost of goods sold		(30,298)	(13,257)
Net retail sales	$	20,719	13,024

In accordance with the cooperative agreements with the National Park Service, the Organization is required to restrict the proceeds from retail sales to its Scholarship Program.

20. Income Taxes

NatureBridge is exempt from federal and state taxes by a group exemption under section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation Code, and is considered by the Internal Revenue Service to be an organization other than a private foundation.

As of July 1, 2007, the Organization adopted the Accounting Standards Codification 740, *Accounting for Uncertainty in Income Taxes*. This standard addresses the accounting for uncertainties in income taxes recognized in an entity's financial statements and prescribes a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in the tax returns. The Accounting Standards Codification 740 also provides related guidance on measurement, classification, interest and penalties, and disclosure. There was no material impact to the Organization's financial statements as a result of the adoption of Accounting Standards Codification 740.

21. National Geographic Society

In December 2003, NatureBridge and the Education Foundation Division of the National Geographic Society executed a Memorandum of Agreement to create the Yosemite National Institute Geography Education Fund, which is a permanently restricted endowment. The Organization contributed $615,000, which was matched by the National Geographic Society. The $1,230,000 is invested by the National Geographic Society and any income generated will be used to support programs by NatureBridge or other charitable organizations similar to the Organization to improve geography education at Yosemite National Park, Olympic National Park, the Golden Gate National Recreation Area, or such other locations as shall be mutually agreed upon. If certain terms of the agreement are breached, the funds will be returned to NatureBridge. During the years ended June 30, 2011 and 2010, $82,565 and $88,578, respectively, were received from this fund.

22. Tax-deferred 403(b) Plan

NatureBridge has a 403(b) contributory tax-deferred pension plan covering all eligible employees. After one year of service, NatureBridge provides a matching contribution of 100% of the employee's contribution, up to the greater of 3% of annual salary or $1,200. Pension plan expense amounted to $127,877 in 2011 and $77,311 in 2010.

23. Operating Leases

NatureBridge leases office space and certain equipment in California and Washington State under operating lease agreements that expire through 2017. Obligations under these lease agreements are as follows:

June 30 of year ending :		
2012	$	205,753
2013		200,532
2014		108,470
2015		27,485
2016		28,546
Thereafter		4,770
Total	$	575,556

Rent expense amounted to $1,074,671 and $1,119,959 for the years ended June 30, 2011 and 2010, respectively.

24. Concentrations

NatureBridge maintains cash accounts at various banks. Accounts at the bank are insured up to $250,000 by the FDIC at June 30, 2011 and 2010. At June 30, 2011, the Organization had approximately $2,641,070 of uninsured cash in various institutions, including approximately $83,757 at Wells Fargo bank, and $322,616 at Fidelity, $1,161,588 at Capital Guardian and $1,073,109 at New Resource Bank. At June 30, 2010, the Organization had approximately $663,141 of uninsured cash in various institutions, including approximately $305,213 at Wells Fargo bank, $57,139 at Bank of America, $274,608 at Fidelity and $26,181 at Capital Guardian.

25. Lines of Credit

On August 10, 2009, NatureBridge entered into two credit line agreements for $2,000,000 and $500,000 with New Resource Bank. Interest on the $2,000,000 credit line is based upon the bank's prime rate of interest plus 1.5% and expired on September 30, 2010. Interest on the $500,000 credit line is based upon the bank's prime rate of interest minus 0.25% and expired on November 11, 2011. The current credit line is secured by a blanket lien on the Organization's assets. No advances have been taken under either credit line as of June 30, 2011 and 2010. The Organization is in the process of renewing the $500,000 credit line as of November 11, 2011.

26. Reclassification

"Gain/(loss) on disposal of property and equipment" in the previously issued Combined Statement of Functional Expenses has been reclassified to other revenue of the Combined Statement of Activities. Such reclassification has no effect on changes in net assets as previously presented.

27. Subsequent Events

The Organization has evaluated all subsequent events through November 11, 2011, the date of this report, and determined there are no material recognized or unrecognized subsequent events, the nature of which would require disclosure.