



# Nature Sacred

**NATURE SACRED**  
**Financial Statements**  
**December 31, 2022 and 2021**  
**With Independent Auditor's Report**

**Nature Sacred**  
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**December 31, 2022 and 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Nature Sacred:

### Opinion

We have audited the financial statements of Nature Sacred (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Nature Sacred as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Organization and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

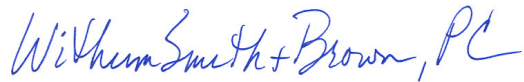
### Auditor's Responsibilities for the Audit of the Financial Statements

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 GAAS 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 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 GAAS, 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 the Organization'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 the Organization'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.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

July 7, 2023

**Nature Sacred**  
**Statements of Financial Position**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,058,911	\$ 2,980,940
Promises to give	-	50,000
Investments	8,086,327	7,502,023
Prepaid expenses	30,184	13,165
Property and equipment, net	9,685	50,746
Trademarks	<u>1,000</u>	<u>1,000</u>
 Total assets	 <u>\$ 9,186,107</u>	 <u>\$ 10,597,874</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ <u>35,100</u>	\$ <u>25,462</u>
Net assets		
Without donor restrictions		
Available for operations	2,479,723	1,903,415
Board designated endowment fund	<u>5,184,861</u>	<u>6,942,075</u>
Total without donor restrictions	7,664,584	8,845,490
With donor restrictions	<u>1,486,423</u>	<u>1,726,922</u>
Total net assets	<u>9,151,007</u>	<u>10,572,412</u>
 Total liabilities and net assets	 <u>\$ 9,186,107</u>	 <u>\$ 10,597,874</u>

The Notes to Financial Statements are an integral part of these statements.

**Nature Sacred**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support</b>						
Contributions	\$ 465,927	\$ 368,290	\$ 834,217	\$ 1,755,634	\$ 344,127	\$ 2,099,761
Contribution of nonfinancial assets	40,840	-	40,840	57,652	-	57,652
Net investment return	(1,147,029)	-	(1,147,029)	1,202,257	-	1,202,257
Contract revenue	50,000	-	50,000	25,000	-	25,000
Special events, net of direct donor benefits of \$143,948 in 2022	342,502	-	342,502	-	-	-
Other income	11,853	-	11,853	-	-	-
Net assets released from restrictions	608,789	(608,789)	-	555,816	(555,816)	-
	<u>372,882</u>	<u>(240,499)</u>	<u>132,383</u>	<u>3,596,359</u>	<u>(211,689)</u>	<u>3,384,670</u>
<b>Expenses</b>						
Program	1,003,781	-	1,003,781	854,562	-	854,562
Management and general	259,910	-	259,910	206,818	-	206,818
Fundraising	290,097	-	290,097	235,650	-	235,650
	<u>1,553,788</u>	<u>-</u>	<u>1,553,788</u>	<u>1,297,030</u>	<u>-</u>	<u>1,297,030</u>
<b>Changes in net assets</b>	(1,180,906)	(240,499)	(1,421,405)	2,299,329	(211,689)	2,087,640
<b>Net assets</b>						
Beginning of year	<u>8,845,490</u>	<u>1,726,922</u>	<u>10,572,412</u>	<u>6,546,161</u>	<u>1,938,611</u>	<u>8,484,772</u>
End of year	<u>\$ 7,664,584</u>	<u>\$ 1,486,423</u>	<u>\$ 9,151,007</u>	<u>\$ 8,845,490</u>	<u>\$ 1,726,922</u>	<u>\$ 10,572,412</u>

The Notes to Financial Statements are an integral part of these statements.

**Nature Sacred  
Statements of Cash Flows  
Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Operating activities</b>		
Changes in net assets	\$ (1,421,405)	\$ 2,087,640
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	46,513	46,138
Realized and unrealized losses (gains)	1,293,011	(1,101,802)
Change in assets and liabilities		
Promises to give	50,000	(50,000)
Prepaid expenses	(17,019)	17,682
Accounts payable and accrued expenses	9,638	(12,121)
Net cash provided by (used in) operating activities	<u>(39,262)</u>	<u>987,537</u>
<b>Investing activities</b>		
Purchases of investments	(5,468,969)	(2,176,256)
Payment of promissory note receivable	-	20,000
Proceeds from sales of investments	3,591,654	2,189,937
Purchases of property and equipment	<u>(5,452)</u>	<u>(4,131)</u>
Net cash provided by (used in) investing activities	<u>(1,882,767)</u>	<u>29,550</u>
Net change in cash and cash equivalents	(1,922,029)	1,017,087
<b>Cash and cash equivalents</b>		
Beginning of year	<u>2,980,940</u>	<u>1,963,853</u>
End of year	<u>\$ 1,058,911</u>	<u>\$ 2,980,940</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for excise and income taxes	<u>\$ 54,760</u>	<u>\$ -</u>

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**Nature Sacred  
Statements of Functional Expenses  
Years Ended December 31, 2022 and 2021**

	2022					2021				
	Program	Management and General	Fundraising	Costs of Direct Donor Benefits	Total	Program	Management and General	Fundraising	Total	
Grants expense	\$ 151,164	\$ -	\$ -	\$ -	\$ 151,164	\$ 133,833	\$ -	\$ -	\$ 133,833	
Compensation costs	310,011	113,936	141,971	-	565,918	308,485	99,339	142,326	550,150	
Office expense	27,910	10,258	12,782	-	50,950	21,059	6,862	9,831	37,752	
Occupancy	14,166	5,456	6,487	-	26,109	15,773	5,080	7,278	28,131	
Insurance	4,288	1,576	1,964	-	7,828	2,892	932	1,335	5,159	
Auto	1,999	735	916	-	3,650	4,693	1,511	2,165	8,369	
Travel	18,479	-	-	-	18,479	7,975	-	-	7,975	
Professional fees	313,156	85,274	102,500	-	500,930	252,199	64,978	46,610	363,787	
Excise and other taxes	-	29,060	-	-	29,060	-	8,352	-	8,352	
Depreciation	25,480	9,364	11,669	-	46,513	25,871	8,331	11,936	46,138	
Bench material and other project costs	49,900	-	-	-	49,900	41,928	-	-	41,928	
Board expenses	-	4,251	-	-	4,251	-	11,433	-	11,433	
Donor cultivation materials and events	-	-	11,808	-	11,808	-	-	14,169	14,169	
Special events	-	-	-	143,948	143,948	-	-	-	-	
Book expenses	57,744	-	-	-	57,744	-	-	-	-	
Outreach marketing and other	29,484	-	-	-	29,484	39,854	-	-	39,854	
	<u>1,003,781</u>	<u>259,910</u>	<u>290,097</u>	<u>143,948</u>	<u>1,697,736</u>	<u>854,562</u>	<u>206,818</u>	<u>235,650</u>	<u>1,297,030</u>	
Less: Direct costs of special events netted with revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>(143,948)</u>	<u>(143,948)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	<u>\$ 1,003,781</u>	<u>\$ 259,910</u>	<u>\$ 290,097</u>	<u>\$ -</u>	<u>\$ 1,553,788</u>	<u>\$ 854,562</u>	<u>\$ 206,818</u>	<u>\$ 235,650</u>	<u>\$ 1,297,030</u>	

The Notes to Financial Statements are an integral part of these statements.

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**December 31, 2022 and 2021**

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**1. NATURE OF ORGANIZATION**

Nature Sacred (the “Organization”) formerly known as the Thomas & Katharine Stoner Foundation (“TKF”) is a private foundation incorporated in the state of Iowa and operating in the state of Maryland. The purpose of the Organization includes (but is not limited to) facilitating the creation of open, green, contemplative park areas located largely in urban areas. These green areas are referred to as “Sacred Places” by the Organization. Additionally, the Organization is involved with various educational and programmatic activities to raise awareness about the health, economic, and community benefits of these Sacred Places. The Organization is focused on building a relationship with its community partners, “Firesouls”, who oversee the role of creating these spaces. Building a network of Firesouls is imperative to the Organization’s operations because it leads to increase in use and the development of more Sacred Places. The Organization’s funding was provided primarily through contributions and special event revenue.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

**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 the Organization 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 statements of activities and changes in net assets.

**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 certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in these financial statements include investments valued using the practical expedient and net asset value as a practical expedient to fair value (see Note 4).

**Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and detailed within the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited or directly charged to the appropriate functional area. Such allocations are determined by management on an equitable basis.

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The expenses that are allocated include the following:

<u>Expense</u>	<u>Methodology</u>
Compensation costs	Time and effort
Office expense	Compensation costs
Occupancy	Compensation costs
Insurance	Compensation costs
Depreciation	Compensation costs

**Tax-Exempt Status**

The Organization is exempt from federal income taxes under Section 501(c)(3) and is classified as a private operating foundation under section 509(a) of the Internal Revenue Code. The Organization is subject to excise taxes. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022 and 2021 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. There has been no tax related interest or penalties for the periods presented in these financial statements.

**Revenue Recognition – Contributions Received**

The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other measurable barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions, net assets and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions.

**Special Events**

The Organization accounts for revenue from special events in the statements of activities and changes in net assets net of direct costs related to the events. Special event revenue comprises an exchange element, based on the benefits received, and a contribution element for the difference and is treated as revenue without donor restrictions. The contribution portion is recognized as revenue when received. For the exchange portion, funds received in advance for ticket sales or sponsorships are recorded as contract liabilities until the event occurs. Revenues are recognized at a point in time, at the date the event is held.

**Contracts with Customers**

The Organization has contracted with a customer to provide design, materials and advisory surrounding the production of a sacred place. These are treated as exchange transactions in the statements of activities and changes in net assets. There are no significant financing components as payment is received at or shortly after the point of sale. Funds received in advance from customers for services that have not been performed have been recorded as contract liabilities in the statements of financial position. Any obligations for refunds are not material and accordingly related disclosures are not provided.

**Contributions of Nonfinancial Assets**

The Organization records the value of donated services and materials at the fair market value on the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

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**Grants Made**

The Organization recognizes grants made, including unconditional promises, as expenses in the period made. Conditional promises, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in expense until the conditions on which they depend have been substantially met.

**Cash and Cash Equivalents**

Cash and cash equivalents include short-term, highly liquid investments with a maturity date of three months or less on the date of acquisition.

**Inventory**

Inventory is recorded at the lower of cost or net realizable value. The Organization's inventory consists of published books and has a full valuation allowance against the inventory.

**Investments**

Investments in equity and debt securities with readily determinable values are measured at fair value in the statements of financial position. Purchases and sales of securities are recorded on a trade date basis. Investment income or loss is included in net assets without donor restrictions unless the income or loss is restricted by a donor or by law.

The Organization has invested funds in alternative investments which are classified as equity securities. Most of these investments are established as limited partnerships which are not traded on any public exchange or market. Some of the alternative investments invest in various investment vehicles, including publicly traded equities and bonds traded in the United States and internationally, privately held companies, and closely held limited partnerships and investment companies and others represents investments in real estate. Investments in private equity are invested with investment companies and are measured at their net asset value in accordance with the fair value practical expedient. Investments in real estate funds are valued using the practical expedient to report the investments at cost less impairment, if any, plus or minus any changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer.

U.S government securities, fixed income funds, and equity funds are valued at the closing price reported on the active market in which the individual securities or bonds are traded.

**Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair values should be based on the assumptions market participants use when pricing an asset.

US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to the Organization's assumptions (unobservable inputs). The Organization groups assets at fair value in their levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

*Level 1* - Quoted market prices in active markets for identical assets and liabilities to the extent possible.

*Level 2* - Other observable inputs, including quoted market prices of similar assets and liabilities in active and inactive markets, quoted prices for identical or similar assets in non-active markets, and other inputs.

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Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

See Investments disclosure above for a description of the valuation methodologies used.

**Property and Equipment**

Property and equipment are recorded at cost, except for donated items, which are recorded at fair value on the date of donation. Repairs and maintenance expenditures are expensed in the statements of activities and changes in net assets. Donated property and equipment are recorded as restricted support when donors stipulate how long the assets must be used. In the absence of such stipulations, contributions of property and equipment are recorded as revenue without donor restrictions.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Furniture and fixtures	7
Computers and equipment	3-5
Leasehold improvements	Life of the lease

**Valuation of Long-Lived Assets**

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no impairment charge was required for any years presented in these financial statements.

**Trademarks**

Trademarks are recorded at cost and are not amortized.

**Reclassifications**

Certain amounts in the prior year financial statements were reclassified to conform to the current year presentation. Reclassifications has no effect on prior year's net assets or changes in net assets.

**New Accounting Pronouncements Adopted in the Current Year**

*Leases*

During 2022, the Organization adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases*. The ASU requires that a lessee recognizes a right-of-use asset and a corresponding liability with limited exceptions for its obligation under an operating lease, as well as expands disclosure requirements for both lessors and lessees. The adoption of the ASU did not have a material impact on the financial statements.

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*Gifts In-Kind*

During 2022, the Organization adopted 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The adoption of the ASU did not have a material impact on the financial statements other than expanded disclosures.

**3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of December 31, 2022 and 2021, the Organization's liquidity resources and financial assets available within one year for general expenditures, such as operating expenses, fulfillment of pledge payables and grant making activities, were as follows:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 1,058,911	\$ 2,980,940
Promises to give	-	50,000
Investments	<u>8,086,327</u>	<u>7,502,023</u>
Financial assets	9,145,238	10,532,963
Less: Restricted funds		
Net assets with restrictions	(1,486,423)	(1,726,922)
Board designated net assets	<u>(5,184,861)</u>	<u>(6,942,075)</u>
	<u>2,473,954</u>	<u>1,863,966</u>
Board designated draw and time restricted net assets for release	<u>700,000</u>	<u>700,000</u>
Financial assets and liquidity resources available to meet general expenditures over the next twelve months	<u>\$ 3,173,954</u>	<u>\$ 2,563,966</u>

The Organization withdraws funds from its investment account in accordance with its spending policy to cover operating expenses. The Organization maintains cash on hand to fund operations and initiatives and investments cash is not expected to be utilized. Additionally, the Organization has a board designated endowment of approximately \$5.2 million and \$6.9 million as of December 31, 2022 and 2021, respectively. Although the Organization does not intend to spend from its board designated endowment other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

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**4. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The Organization's investments and valuation of those investments were as follows at December 31, 2022:

	<u>Investments Valued at Fair Value</u>			<u>Investments Valued at</u>		<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Practical Expedient</u>	<u>Net Asset Value</u>	
US government securities	\$ 2,888,348	\$ -	\$ -	\$ -	\$ -	\$ 2,888,348
Fixed income funds	1,544,328	-	-	-	-	1,544,328
Equity funds	2,589,522	-	-	-	-	2,589,522
Alternative investments						
Real estate funds	-	-	-	620,548	-	620,548
Private equity and other funds	-	-	-	-	443,581	443,581
	<u>\$ 7,022,198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620,548</u>	<u>\$ 443,581</u>	<u>\$ 8,086,327</u>

The Organization's investments and valuation of those investments were as follows at December 31, 2021:

	<u>Investments Valued at Fair Value</u>			<u>Investments Valued at</u>		<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Practical Expedient</u>	<u>Net Asset Value</u>	
US government securities	\$ 1,357,646	\$ -	\$ -	\$ -	\$ -	\$ 1,357,646
Fixed income funds	1,990,785	-	-	-	-	1,990,785
Equity funds	2,421,675	-	-	-	-	2,421,675
Alternative investments						
Real estate funds	-	-	-	776,050	-	776,050
Private equity and other funds	-	-	-	-	955,867	955,867
	<u>\$ 5,770,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 776,050</u>	<u>\$ 955,867</u>	<u>\$ 7,502,023</u>

**Investments Valued at Net Asset Value**

The following table represents the unfunded commitments, redemption frequency and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent at December 31:

	<u>Number of Funds</u>	<u>Value at 12/31/22</u>	<u>Value at 12/31/21</u>	<u>Unfunded Commitments</u>	<u>Redemption and Notice Period</u>
Private equity and other funds	6	<u>\$ 443,581</u>	<u>\$ 955,867</u>	<u>\$ -</u>	In writing, approval from general partner

**Investments Valued using Practical Expedient**

	<u>2022</u>	<u>2021</u>
Value reported at beginning of year	\$ 776,050	\$ 861,764
Observable price changes	(155,502)	-
Less: Sales	-	(85,714)
Value reported at end of year	<u>\$ 620,548</u>	<u>\$ 776,050</u>

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**5. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 17,376	\$ 17,376
Computers and equipment	21,518	16,066
Leasehold improvements	<u>213,530</u>	<u>213,530</u>
	252,424	246,972
Less: Accumulated depreciation	<u>(242,739)</u>	<u>(196,226)</u>
Property and equipment, net	<u>\$ 9,685</u>	<u>\$ 50,746</u>

Depreciation expense was \$46,513 and \$46,138 for the years ended December 31, 2022 and 2021, respectively.

**6. NET ASSETS**

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Purpose restricted		
Nature for Wellness	\$ 262,269	\$ 309,232
Firesoul programming	-	-
Health economics white paper	-	13,417
Sacred Place bench fund	5,000	25,000
Generations Fund	27,863	29,273
25th Impact store	1,200	-
Design + Build Fund	<u>290,091</u>	<u>-</u>
	586,423	376,922
Time restricted	<u>900,000</u>	<u>1,350,000</u>
	<u>\$ 1,486,423</u>	<u>\$ 1,726,922</u>

Net assets with donor restrictions were released for the following purposes during the years ended December 31:

	<u>2022</u>	<u>2021</u>
Purpose restricted		
Nature for Wellness	\$ 46,963	\$ 11,069
Firesoul programming	-	13,964
Sacred Place bench fund	20,000	-
Baltimore	50,000	60,000
Washington DC bench project	17,409	-
Health economics white paper	15,417	4,583
Generations Fund	9,000	8,700
Community Healing Initiative Fund	-	7,500
Time restricted	<u>450,000</u>	<u>450,000</u>
	<u>\$ 608,789</u>	<u>\$ 555,816</u>

**Nature Sacred**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

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**Board Designated Endowment Fund**

*Fund Description*

The Organization placed certain funds, at its discretion, in a dedicated investment account to establish a board designated endowment fund. The Organization's board of directors created the fund for the purpose of generating income in the future to support operations and provide a 5% annual payout to operations, based upon the three-year rolling average. In addition to the annual operating distribution, funds can be utilized with a two thirds majority vote of the board of directors.

*Investment Strategy*

The Organization seeks to generate risk-adjusted returns from its reserves to enhance the Organization's ability to consistently provide resources for operating expenses. The investment objectives for its investment reserve funds include preservation of capital, liquidity, and optimized investment returns. The Organization invests in a diversified portfolio of investments which include equity and fixed income funds to achieve these objectives.

The following represents the changes in the board designated endowment fund for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 6,942,075	\$ 5,399,693
Investment (loss) income	(1,499,467)	1,792,382
Expenditures	<u>(257,747)</u>	<u>(250,000)</u>
Balance, end of year	<u>\$ 5,184,861</u>	<u>\$ 6,942,075</u>

**7. COMMITMENTS AND CONTINGENCIES**

**Leases**

The Organization has non-cancellable operating leases for office spaces and equipment which expires in 2023. Total rental expense amounted to approximately \$20,000 for each of the years ended December 31, 2022 and 2021.

Future payments under non-cancellable leases amounted to the following:

2023	<u>\$ 20,879</u>
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**8. FEDERAL EXCISE TAX**

The Organization is subject to a federal excise tax of 1.39% on net investment income, as defined by the Internal Revenue Code. The Organization is also required to make minimum distributions in accordance with a specific formula. The Organization made these required minimum distributions for the years covered in these financial statements. The current portion of excise tax expense was approximately \$2,400 and \$5,000 for the years ended December 31, 2022 and 2021, respectively.

**9. CONTRIBUTIONS OF NONFINANCIAL ASSETS**

The Organization recognized contributed nonfinancial assets within revenue, including architecture services. Contributed services did not have donor-imposed restrictions and were used for programs. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar architecture services. These services amounted to \$40,840 and \$57,652 for the years ended December 31, 2022 and 2021, respectively.

**Nature Sacred**  
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**10. RISKS AND UNCERTAINTIES**

**Concentrations**

Financial instruments which potentially subject the Organization to concentrations of credit risk are cash and cash equivalents and investments.

*Cash and Cash Equivalents*

The Organization has significant cash balances at financial institutions which throughout the year occasionally exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial condition, results of operations, and cash flows.

*Investments*

The Organization invests in conservative instruments which comprise equity funds, U.S. Treasury notes and other low risk fixed income funds. The fair values reported in the financial statements are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities, including alternative investments, and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that amounts reported in the financial statements could change materially in the near term. The Organization mitigates risk by diversifying its portfolio among many instruments.

*Revenue*

For the year ended December 31, 2022, 27% and 18% of contributions and special events sponsorships were received from two donors, respectively. For the year ended December 31, 2021, 58% of contributions was received from one donor.

*Receivables*

Promises to give were due from one donor at December 31, 2021.

**11. RELATED PARTY TRANSACTIONS**

Direct board member contributions totaled approximately \$27,000 and \$44,000 for the years ended December 31, 2022 and 2021, respectively. Additionally, certain board members made recommendations to corporations, foundations and donor advised funds which resulted in contributions of approximately \$656,000 and \$169,000 for the years ended December 31, 2022 and 2021, respectively.

During 2022 and 2021, two board members were employed at an investment advisory firm utilized by the Organization for investment advisory services. Total expenses paid to the investment advisory firm for investment advisory services amounted to approximately \$25,000 and \$20,000 for the years ended December 31, 2022 and 2021, respectively.

**12. SUBSEQUENT EVENTS**

The Organization has evaluated events occurring through July 7, 2023, the date which the financial statements were available to be issued, for possible adjustment to or disclosure in the financial statements. Based on this evaluation, the Organization has determined that no subsequent events have occurred which require disclosure in or adjustment to the financial statements.