



# Nature Sacred

**NATURE SACRED**  
**Financial Statements**  
**December 31, 2023 and 2022**  
**With Independent Auditor's Report**

**Nature Sacred**  
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**December 31, 2023 and 2022**

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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, 2023 and 2022, 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, 2023 and 2022, 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.

*Withum Smith + Brown, PC*

June 7, 2024

**Nature Sacred**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,448,874	\$ 1,058,911
Promises to give	70,000	-
Investments	8,130,037	8,086,327
Prepaid expenses	23,237	30,184
Property and equipment, net	12,914	9,685
Trademarks	<u>1,000</u>	<u>1,000</u>
 Total assets	 <u>\$ 9,686,062</u>	 <u>\$ 9,186,107</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 135,087</u>	<u>\$ 35,100</u>
Net assets		
Without donor restrictions		
Available for operations	2,222,740	2,479,723
Board designated endowment fund	<u>5,699,346</u>	<u>5,184,861</u>
Total without donor restrictions	7,922,086	7,664,584
With donor restrictions	<u>1,628,889</u>	<u>1,486,423</u>
Total net assets	<u>9,550,975</u>	<u>9,151,007</u>
 Total liabilities and net assets	 <u>\$ 9,686,062</u>	 <u>\$ 9,186,107</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, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support</b>						
Contributions	\$ 710,571	\$ 888,951	\$ 1,599,522	\$ 465,927	\$ 368,290	\$ 834,217
Contribution of nonfinancial assets	16,050	-	16,050	40,840	-	40,840
Net investment return	886,093	-	886,093	(1,147,029)	-	(1,147,029)
Contract revenue	-	-	-	50,000	-	50,000
Special events, net of direct donor benefits of \$143,948 in 2022	-	-	-	342,502	-	342,502
Other income	18,490	-	18,490	11,853	-	11,853
Net assets released from restrictions	<u>746,485</u>	<u>(746,485)</u>	<u>-</u>	<u>608,789</u>	<u>(608,789)</u>	<u>-</u>
	<u>2,377,689</u>	<u>142,466</u>	<u>2,520,155</u>	<u>372,882</u>	<u>(240,499)</u>	<u>132,383</u>
<b>Expenses</b>						
Program	1,511,747	-	1,511,747	1,003,781	-	1,003,781
Management and general	255,093	-	255,093	259,910	-	259,910
Fundraising	<u>353,347</u>	<u>-</u>	<u>353,347</u>	<u>290,097</u>	<u>-</u>	<u>290,097</u>
	<u>2,120,187</u>	<u>-</u>	<u>2,120,187</u>	<u>1,553,788</u>	<u>-</u>	<u>1,553,788</u>
<b>Changes in net assets</b>	257,502	142,466	399,968	(1,180,906)	(240,499)	(1,421,405)
<b>Net assets</b>						
Beginning 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>
End of year	<u>\$ 7,922,086</u>	<u>\$ 1,628,889</u>	<u>\$ 9,550,975</u>	<u>\$ 7,664,584</u>	<u>\$ 1,486,423</u>	<u>\$ 9,151,007</u>

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

**Nature Sacred  
Statements of Cash Flows  
Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Changes in net assets	\$ 399,968	\$ (1,421,405)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	3,243	46,513
Realized and unrealized (gains) losses	(645,481)	1,293,011
Change in assets and liabilities		
Promises to give	(70,000)	50,000
Prepaid expenses	6,947	(17,019)
Accounts payable and accrued expenses	<u>99,987</u>	<u>9,638</u>
Net cash used in operating activities	<u>(205,336)</u>	<u>(39,262)</u>
<b>Investing activities</b>		
Purchases of investments	(3,191,913)	(5,468,969)
Proceeds from sales of investments	3,793,684	3,591,654
Purchases of property and equipment	<u>(6,472)</u>	<u>(5,452)</u>
Net cash provided by (used in) investing activities	<u>595,299</u>	<u>(1,882,767)</u>
Net change in cash and cash equivalents	389,963	(1,922,029)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>1,058,911</u>	<u>2,980,940</u>
End of year	<u>\$ 1,448,874</u>	<u>\$ 1,058,911</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for excise and income taxes	<u>\$ 21,875</u>	<u>\$ 54,760</u>

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

**Nature Sacred**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2023 and 2022**

	2023				2022				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Costs of Direct Donor Benefits	Total
Grants expense	\$ 204,796	\$ -	\$ -	\$ 204,796	\$ 151,164	\$ -	\$ -	\$ -	\$ 151,164
Compensation costs	443,303	121,778	161,836	726,917	310,011	113,936	141,971	-	565,918
Office expense	33,618	9,232	12,274	55,124	27,910	10,258	12,782	-	50,950
Occupancy	16,226	4,457	5,924	26,607	14,166	5,456	6,487	-	26,109
Insurance	4,689	1,288	1,712	7,689	4,288	1,576	1,964	-	7,828
Auto	4,312	1,185	1,574	7,071	1,999	735	916	-	3,650
Travel	1,043	-	-	1,043	18,479	-	-	-	18,479
Professional fees	543,838	66,830	144,034	754,702	313,156	85,274	102,500	-	500,930
Excise and other taxes	-	35,169	-	35,169	-	29,060	-	-	29,060
Depreciation	1,978	543	722	3,243	25,480	9,364	11,669	-	46,513
Bench material and other project costs	130,299	-	-	130,299	49,900	-	-	-	49,900
Board expenses	-	14,611	-	14,611	-	4,251	-	-	4,251
Donor cultivation materials and events	-	-	25,271	25,271	-	-	11,808	-	11,808
Special events	-	-	-	-	-	-	-	143,948	143,948
Book and book event expenses	92,397	-	-	92,397	57,744	-	-	-	57,744
Outreach marketing and other	35,248	-	-	35,248	29,484	-	-	-	29,484
	<u>1,511,747</u>	<u>255,093</u>	<u>353,347</u>	<u>2,120,187</u>	<u>1,003,781</u>	<u>259,910</u>	<u>290,097</u>	<u>143,948</u>	<u>1,697,736</u>
Less: Direct costs of special events netted with revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(143,948)</u>	<u>(143,948)</u>
	<u>\$ 1,511,747</u>	<u>\$ 255,093</u>	<u>\$ 353,347</u>	<u>\$ 2,120,187</u>	<u>\$ 1,003,781</u>	<u>\$ 259,910</u>	<u>\$ 290,097</u>	<u>\$ -</u>	<u>\$ 1,553,788</u>

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

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**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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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
Auto	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, 2023 and 2022 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. Revenue is recognized at a point in time. There were no contract assets or liabilities at January 1, 2022.

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**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.

**Contributions Receivable**

Unconditional promises to give are recorded at net realizable value. Contributions receivable are considered to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

**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.

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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.

*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 had no effect on the prior year's net assets or changes in net assets.

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

*Credit Losses*

In June 2016, the Financial Accounting Standards Board issued an Accounting Standards Update (“ASU”) amending the accounting for credit losses on financial instruments. This methodology replaced the incurred loss methodology with the expected credit losses using a wide range of reasonable and supportable information. The amendment affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposure and other financial instruments recorded at amortized cost. The Organization adopted the new standard effective January 1, 2023, using the modified retrospective approach. The implementation of this ASU had no material impact on the financial statements.

**3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of December 31, 2023 and 2022, 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>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 1,448,874	\$ 1,058,911
Promises to give	70,000	-
Investments	<u>8,130,037</u>	<u>8,086,327</u>
Financial assets	9,648,911	9,145,238
Less: Restricted funds		
Net assets with restrictions	(1,628,889)	(1,486,423)
Board designated net assets	<u>(5,699,346)</u>	<u>(5,184,861)</u>
	<u>2,320,676</u>	<u>2,473,954</u>
Board designated draw and time restricted net assets for release	<u>720,000</u>	<u>700,000</u>
Financial assets and liquidity resources available to meet general expenditures over the next twelve months	<u>\$ 3,040,676</u>	<u>\$ 3,173,954</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 \$5.7 million and \$5.2 million as of December 31, 2023 and 2022, 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, 2023:

	<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	\$ 2,127,705	\$ -	\$ -	\$ -	\$ -	\$ 2,127,705
Fixed income funds	1,537,185	-	-	-	-	1,537,185
Equity funds	3,287,384	-	-	-	-	3,287,384
Alternative investments						
Real estate funds	-	-	-	809,893	-	809,893
Private equity and other funds	-	-	-	-	367,870	367,870
	<u>\$ 6,952,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 809,893</u>	<u>\$ 367,870</u>	<u>\$ 8,130,037</u>

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>

**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 12/31/23</u>	<u>Value at 12/31/22</u>	<u>Unfunded Commitments</u>	<u>Redemption and Notice Period</u>
Private equity and other funds	6	<u>\$ 367,870</u>	<u>\$ 443,581</u>	<u>\$ -</u>	In writing, approval from general partner

**Investments Valued using Practical Expedient**

	<u>2023</u>	<u>2022</u>
Value reported at beginning of year	\$ 620,548	\$ 776,050
Observable price changes	189,345	(155,502)
Less: Sales	-	-
Value reported at end of year	<u>\$ 809,893</u>	<u>\$ 620,548</u>

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**5. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 17,376	\$ 17,376
Computers and equipment	27,990	21,518
Leasehold improvements	<u>213,530</u>	<u>213,530</u>
	258,896	252,424
Less: Accumulated depreciation	<u>(245,982)</u>	<u>(242,739)</u>
Property and equipment, net	<u>\$ 12,914</u>	<u>\$ 9,685</u>

Depreciation expense was \$3,243 and \$46,513 for the years ended December 31, 2023 and 2022, respectively.

**6. NET ASSETS**

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

	<u>2023</u>	<u>2022</u>
Purpose restricted		
Nature for Wellness	\$ 223,805	\$ 262,269
Firesoul programming	257,904	-
Community Healing Fund	28,516	-
Sacred Place bench fund	5,000	5,000
Generations Fund	26,399	27,863
25th Impact store	-	1,200
Design + Build Fund	<u>567,265</u>	<u>290,091</u>
	1,108,889	586,423
Time restricted	<u>520,000</u>	<u>900,000</u>
	<u>\$ 1,628,889</u>	<u>\$ 1,486,423</u>

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

	<u>2023</u>	<u>2022</u>
Purpose restricted		
Nature for Wellness	\$ 38,464	\$ 46,963
Firesoul programming	18,346	-
Sacred Place bench fund	-	20,000
Baltimore	87,500	50,000
Washington DC bench project	15,000	17,409
Health economics white paper	-	15,417
Generations Fund	3,500	9,000
Community Healing Initiative Fund	1,484	-
Spring Blooms 2023	8,165	-
Design + Build Fund	122,826	-
25th Impact store	1,200	-
Time restricted	<u>450,000</u>	<u>450,000</u>
	<u>\$ 746,485</u>	<u>\$ 608,789</u>

**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>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 5,184,861	\$ 6,942,075
Investment income (loss)	780,300	(1,499,467)
Expenditures	<u>(265,815)</u>	<u>(257,747)</u>
Balance, end of year	<u>\$ 5,699,346</u>	<u>\$ 5,184,861</u>

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**7. COMMITMENTS AND CONTINGENCIES**

**Leases**

The Organization has non-cancellable operating leases for office spaces and equipment which expire in 2024. Total lease expense amounted to approximately \$21,000 and \$20,000 for the years ended December 31, 2023 and 2022.

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

2024	\$ <u>20,879</u>
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The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. Leases with contractual terms of twelve months or less are not recorded on the statement of financial position. The Organization had no leases during 2023 and 2022 longer than twelve months.

**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 \$500 and \$2,400 for the years ended December 31, 2023 and 2022, 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 \$16,050 and \$40,840 for the years ended December 31, 2023 and 2022, respectively.

**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.

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*Revenue*

For the year ended December 31, 2023, 29% and 16% of contributions were received from two donors, respectively. For the year ended December 31, 2022, 27% and 18% of contributions and special events sponsorships were received from two donors, respectively.

*Receivables*

Promises to give were due from two donors at December 31, 2023.

**11. RELATED PARTY TRANSACTIONS**

Direct board member contributions totaled approximately \$50,000 and \$27,000 for the years ended December 31, 2023 and 2022, respectively. Additionally, certain board members made recommendations to corporations, foundations and donor advised funds which resulted in contributions of approximately \$518,000 and \$656,000 for the years ended December 31, 2023 and 2022, respectively.

During 2023 and 2022, 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 \$24,000 and \$25,000 for the years ended December 31, 2023 and 2022, respectively.

**12. SUBSEQUENT EVENTS**

The Organization has evaluated events occurring through June 7, 2024, 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.