

# **Children & Nature Network**

Minneapolis, Minnesota

---

Financial Statements  
Auditor's Report  
For the Years Ended  
December 31, 2016 and 2015



CERTIFIED PUBLIC ACCOUNTANTS

## CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1
EXHIBIT A:     Statements of Activities and Changes in Net Assets – For the Years Ended December 31, 2016 and 2015.....	2
EXHIBIT B:     Statement of Functional Expense – For the Year Ended December 31, 2016 with Comparative Totals for 2015.....	3
EXHIBIT C:     Statement of Functional Expense – For the Year Ended December 31, 2015 .....	4
EXHIBIT D:     Statements of Financial Position – December 31, 2016 and 2015.....	5
EXHIBIT E:     Statements of Cash Flows – For the Years Ended December 31, 2016 and 2015.....	6
NOTES TO FINANCIAL STATEMENTS .....	7-10



Carpenter Evert & Associates

Certified Public Accountants

7760 France Avenue S. Suite 940 Bloomington Minnesota 55435

952.831.0085 [carpenterevert.com](http://carpenterevert.com)

Independent Auditor's Report

Board of Directors  
Children & Nature Network  
Minneapolis, Minnesota

We have audited the accompanying financial statements of Children & Nature Network, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children & Nature Network as of December 31, 2016 and 2015, 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.

*Carpenter Evert and Associates Ltd.*

Certified Public Accountants

Minneapolis, Minnesota  
April 19, 2017

CHILDREN & NATURE NETWORK  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Grants and Contributions	\$ 306,694	\$ 1,522,500	\$ 1,829,194	\$ 431,755	\$ 437,999	\$ 869,754
Government Grants	30,913	6,716	37,629	-	75,000	75,000
Program Income	574,546	-	574,546	326,854	75,549	402,403
Other Income	4,389	-	4,389	1,548	-	1,548
Special Events - Less Direct Expense of \$0 in 2016 and \$63,081 in 2015	-	-	-	16,472	-	16,472
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	645,120	(645,120)	-	625,657	(625,657)	-
Satisfaction of Time Restrictions	25,000	(25,000)	-	26,667	(26,667)	-
Total Support and Revenue	1,586,662	859,096	2,445,758	1,428,953	(63,776)	1,365,177
Expense:						
Program Services	1,417,462	-	1,417,462	1,192,668	-	1,192,668
Support Services:						
Management and General	87,976	-	87,976	25,284	-	25,284
Fundraising	122,957	-	122,957	46,941	-	46,941
Total Support Services	210,933	-	210,933	72,225	-	72,225
Total Expense	1,628,395	-	1,628,395	1,264,893	-	1,264,893
Change in Net Assets	(41,733)	859,096	817,363	164,060	(63,776)	100,284
Net Assets - Beginning of Year	382,959	155,339	538,298	218,899	219,115	438,014
Net Assets - End of Year	\$ 341,226	\$ 1,014,435	\$ 1,355,661	\$ 382,959	\$ 155,339	\$ 538,298

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



CHILDREN & NATURE NETWORK  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2016 WITH COMPARATIVE TOTALS FOR 2015

	2016				2015
	Support Services				
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services
Salaries	\$ 301,251	\$ 18,738	\$ 27,013	\$ 45,751	\$ 202,526
Payroll Taxes	23,602	1,622	2,086	3,708	15,601
Total Personnel Costs	324,853	20,360	29,099	49,459	218,127
Professional Fees and Contract Services	697,803	43,136	81,930	125,066	734,250
Program Activities	326,754	1,363	255	1,618	236,844
Office Expense	17,493	18,894	1,813	20,707	32,500
Outreach and Communication	23,819	741	3,584	4,325	23,513
Travel and Meetings	25,119	233	2,525	2,758	9,811
Other Expense	1,263	-	3,751	3,751	6,576
Insurance	358	3,249	-	3,249	3,272
Total Expense	\$ 1,417,462	\$ 87,976	\$ 122,957	\$ 210,933	\$ 1,264,893

The accompanying Notes to Financial Statements  
are an integral part of this statement.

CHILDREN & NATURE NETWORK  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Total Program Services	Support Services	Total Support Services	Total All Services
Salaries	\$ 187,926	Management & General	Fund- raising	\$ 14,600
Payroll Taxes	14,361	\$ 6,456	\$ 8,144	\$ 1,240
Total Personnel Costs	202,287	543	697	15,601
		6,999	8,841	218,127
Professional Fees and Contract Services	685,360	15,912	32,978	48,890
Program Activities	236,355	31	458	489
Office Expense	29,990	1,580	930	2,510
Outreach and Communication	20,182	336	2,995	3,331
Travel and Meetings	9,210	91	510	601
Other Expense	6,438	67	71	138
Insurance	2,846	268	158	426
Total Expense	\$ 1,192,668	\$ 25,284	\$ 46,941	\$ 72,225
				\$ 1,264,893

The accompanying Notes to Financial Statements  
are an integral part of this statement.

CHILDREN & NATURE NETWORK  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016 AND 2015

EXHIBIT D

<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and Cash Equivalents	\$ 560,892	\$ 493,266
Accounts Receivable	272,661	46,808
Grants Receivable	578,259	74,682
Prepaid Expenses	61,451	30,711
TOTAL ASSETS	<u>\$ 1,473,263</u>	<u>\$ 645,467</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 42,206	\$ 52,376
Payroll Taxes Withheld and Accrued	11,631	5,346
Deferred Revenue	<u>63,765</u>	<u>49,447</u>
Total Liabilities	117,602	107,169
Net Assets:		
Unrestricted	341,226	382,959
Temporarily Restricted	<u>1,014,435</u>	<u>155,339</u>
Total Net Assets	<u>1,355,661</u>	<u>538,298</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,473,263</u>	<u>\$ 645,467</u>

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

CHILDREN & NATURE NETWORK  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Increase (Decrease) in Cash</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 817,363	\$ 100,284
Adjustments to Reconcile Net Income to		
Net Cash Provided (Used) by Operating Activities		
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(10,170)	(14,436)
Accrued Salaries and Wages	6,285	(3,648)
Deferred Revenue	14,318	38,072
(Increases) in Current Assets:		
Accounts Receivable	(225,853)	(46,808)
Grants and Contributions Receivable	(503,577)	(54,192)
Prepaid Expenses	(30,740)	(19,761)
Net Cash Provided (Used) by Operating Activities	<u>67,626</u>	<u>(489)</u>
Cash Flows from Investing Activities:		
None	-	-
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	67,626	(489)
Cash - Beginning of Year	<u>493,266</u>	<u>493,755</u>
Cash - End of Year	<u><u>\$ 560,892</u></u>	<u><u>\$ 493,266</u></u>

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

CHILDREN & NATURE NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

1. Summary of Significant Accounting Policies

Organizational Purpose

The CNatureNet dba Children & Nature Network (C&NN) was formed in March 2006 as a non-profit organization. C&NN is leading a movement to connect all children, their families, and communities to nature through innovative ideas, evidence based resources and tools, broad-based coloration and support of grassroots leadership.

C&NN's programs are as follows:

Grass Roots Leaders – Consists of three significant efforts:

Research Library – C&NN collects curates and disseminates research, news, and information on issues related to connecting children and communities to nature. C&NN's research library has the largest collection of scientific literature (500+ articles) and is invaluable resource for advocates and practitioners in the movement, providing evidence-based resources to enhance and inform their work.

Green Schoolyards for Healthy Communities – Green Schoolyards for Healthy Communities, a joint initiative of the C&NN in partnership with the National League of Cities Institute for Youth Education and Families (IYEF), will engage education leaders, cross-sector practitioners, policy makers and community leaders to promote green schoolyards across the nation.

Cities Connecting Children to Nature – In partnership with that National League of Cities Institute (NLCI), C&NN is working with municipalities and cross-sector community partners in cities to improve health, education, and quality of life for low-income residents through increasing nature access. City-wide scans in seven pilot cities have identified strengths, gaps, and shared metrics that have informed city plans to connect children and families to nature, specifically in low-income communities.

Natural Leaders – The Natural Leaders Network provides training and ongoing support for millennials (ages 18-29) to become leaders in their communities to connect children and adults to nature. Natural leaders are working in 130 communities (in 42 states) across the country, connecting more than 16,500 people to nature annually.

Natural Families – The Natural Families Network provides tools and resources for families to connect to nature. The Network currently supports 130 Family Nature Clubs who are engaging 40,000 families worldwide in regular outdoor activities and actively supports large-scale partnerships with organizations who align with C&NN's vision to engage families in connecting their children to nature.



CHILDREN & NATURE NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

1. Summary of Significant Accounting Policies (continued)

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to C&NN, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and purpose. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as unrestricted net assets.

Temporarily Restricted Net Assets – The part of net assets of C&NN resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Cash and Cash Equivalents

For purposes of the statements of cash flows, C&NN considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Equipment

All major expenditures for equipment greater than \$2,500 are capitalized at cost.

Contributions

Contributions are recorded when received and recognized as support in the period pledged. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statement of Activities under the Support and Revenue Category – Net Assets Released from Restrictions.

Promises-To-Give (Grants and Contributions Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Grants receivable are expected to be collected in the following fiscal year. No allowance for doubtful accounts has been provided as grants and pledges receivable are considered collectable.

CHILDREN & NATURE NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

1. Summary of Significant Accounting Policies (continued)

Program and Event Revenues

Revenue from program activities and events are recorded as being earned as revenue in the year which the activity takes place. Deferred revenue is recorded when amounts are received but the revenue is not yet earned.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, C&NN will record such disallowance at the time the final assessment is made.

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and estimates. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting services, are allocated based on the best estimates of management.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax

C&NN has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. C&NN's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. C&NN continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, C&NN annually files a Return of Organization Exempt From Income Tax (Form 990). The returns for the years ending December 31, 2013 and later remain subject to examination by the Internal Revenue Service.

CHILDREN & NATURE NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

C&NN has evaluated the effect that subsequent events would have on the financial statements through April 19, 2017, which is the date financial statements were available to be issued.

2. Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2016 and 2015, C&NN held funds at a local financial institution in excess of federally insured limits.

3. Grants Receivable

Grants receivable balances are due as of December 31:

2017	\$ <u>578,259</u>
------	-------------------

4. In-kind Contributions

C&NN records in-kind contributions at fair market value at the date of donations. In-kind contributions include the following as of:

	December 31,	
	2016	2015
Donated Lodging and Meals	\$ 40,000	\$ -
Donated Supplies and Books	7,914	-
Donated Consulting Services	-	20,000
	\$ 47,914	\$ 20,000

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of amounts from the following grants and contributions as of:

	December 31,	
	2016	2015
Green Schoolyards	\$ 762,803	\$ -
Natural Leaders	104,584	22,623
Conference	62,795	40,500
Research Library	61,536	24,739
Natural Families	22,717	10,500
SF Health Project	-	31,977
Future Operating Support	-	25,000
	\$ 1,014,435	\$ 155,339