

Audited Financial Statements



June 30, 2023

Quigley & Miron

Community Nature Connection
Audited Financial Statements
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June 30, 2023

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Independent Auditor's Report

Board of Directors
Community Nature Connection
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Community Nature Connection (CNC), a nonprofit organization, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CNC as of June 30, 2023, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit 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 CNC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CNC's ability to continue as a going concern for one year after the date that the financial statements are 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 CNC'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 CNC'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 black ink, reading "Zigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
June 4, 2024

Community Nature Connection
Statement of Financial Position
June 30, 2023

Assets

Cash and cash equivalents	\$	182,453
Investments—Note 4		15,242
Accounts receivable—Note 5		213,980
Prepaid expenses		7,746
Total Assets	\$	<u>419,421</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$	83,578
Funds due to RPOSD—Note 6		5,039
Total Liabilities		88,617

Net Assets

Without donor restrictions		298,875
With donor restrictions—Note 8		31,929
Total Net Assets		<u>330,804</u>

Total Liabilities and Net Assets	\$	<u>419,421</u>
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See notes to the financial statements.

Community Nature Connection
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support			
Grants and contributions	\$ 11,300	\$ 1,101,647	\$ 1,112,947
In-kind contributions—Note 7	114,591		114,591
Other income	130		130
Interest and dividends	15		15
Total Support Before Reclassifications	126,036	1,101,647	1,227,683
Net assets released from donor restrictions	1,139,993	(1,139,993)	
Total Support After Reclassifications	1,266,029	(38,346)	1,227,683
Expenses			
Program services			
MRCA reciprocal services	337,939		337,939
WODOC	146,352		146,352
Other	484,150		484,150
Total Program Services	968,441		968,441
Management and general	278,997		278,997
Fundraising	4,432		4,432
Total Expenses	1,251,870		1,251,870
Change in Net Assets	14,159	(38,346)	(24,187)
Net Assets at Beginning of Year	284,716	70,275	354,991
Net Assets at End of Year	\$ 298,875	\$ 31,929	\$ 330,804

See notes to financial statements.

Community Nature Connection
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services						
	MRCA Reciprocal Services	WODOC	Other	Total Program Services	Management and General	Fundraising	Total
Salaries	\$ 196,359	\$ 108,026	\$ 312,511	\$ 616,896	\$ 130,655	\$ 3,649	\$ 751,200
Payroll taxes	15,885	9,283	25,473	50,641	9,703	279	60,623
Employee benefits	22,255	9,260	35,142	66,657	12,348	491	79,496
Total Personnel Expenses	234,499	126,569	373,126	734,194	152,706	4,419	891,319
Insurance	4,525	3,417	10,163	18,105	21,158	13	39,276
Marketing	3,643		1,617	5,260	20		5,280
Office expense	107	38	262	407	11,228		11,635
Professional development			2,249	2,249	392		2,641
Professional services	71,672	5,292	34,076	111,040	70,923		181,963
Program costs	922	452	18,448	19,822	2,504		22,326
Rent	12,170	6,563	20,812	39,545	8,541		48,086
Supplies	3,633	326	5,347	9,306	7,003		16,309
Telephone	2,900	1,596	4,616	9,112	1,984		11,096
Travel	3,868	2,099	13,434	19,401	2,538		21,939
Total Non-Personnel Expenses	103,440	19,783	111,024	234,247	126,291	13	360,551
Total Expenses	\$ 337,939	\$ 146,352	\$ 484,150	\$ 968,441	\$ 278,997	\$ 4,432	\$ 1,251,870

See notes to financial statements.

Community Nature Connection
Statement of Cash Flows
Year Ended June 30, 2023

Cash Flow from Operating Activities

Change in net assets	\$ (24,187)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(11,404)
ERC receivable	107,487
Prepaid expenses	4,403
PPP funding	(19,032)
Accounts payable and accrued expenses	9,177
Funds due to RPOSD	(79,083)

**Net Cash Used in
Operating Activities** **(12,639)**

Cash Flows from Investing Activities

Purchases of investments	(15)
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**Net Cash Used in
Investing Activities** **(15)**

**Decrease in
Cash and Cash Equivalents** **(12,654)**

**Cash and Cash Equivalents
at Beginning of Year**

195,107

**Cash and Cash Equivalents
at End of Year** **\$ 182,453**

Supplemental Disclosures

Income taxes paid	\$
Interest paid	\$

See notes to financial statements.

Community Nature Connection
Notes to Financial Statements
June 30, 2023

Note 1—Organization

Community Nature Connection (CNC) is a 501(c)(3) nonprofit organization incorporated under the laws of the State of California, located at Vista Hermosa Natural Park in the heart of Los Angeles. Founded originally in 1989 by former Executive Director Amy Lethbridge, CNC has provided programming for over 25 years. The mission of Community Nature Connection is to increase access to the outdoors for communities impacted by racial, socio-economic, and disability injustices by eliminating existing barriers through advocacy, community centered programming, and workforce development.

Program Service Accomplishments:

WODOC

The William O. Douglas Outdoor Classroom (WODOC) at Franklin Canyon Park operates a Nature Center, Volunteer Program, School Programs, and Public Programs. The Sooky Goldman Nature Center is open to the public and provides historical, ecological, interpretive, and logistical information to park visitors. Community Nature Connection (CNC) provides in-school programs and field trips to Franklin Canyon Park that are free of cost to Title I schools. School programs contain standards-aligned curriculum that spotlights cultural history and local ecology, exposing students from underrepresented communities to the natural and cultural resources found within the greater Los Angeles Area. Monthly public programming is offered free of cost to park visitors and groups from community partner organizations and offers family friendly nature walks, art in nature workshops, story time, and themed interpretive hikes and programs. The Nature Center, School Programs, and Public Programs are supported by trained volunteers.

MRCA 22/23

Community Nature Connection provides public interpretive programs on public parkland owned and managed by the Mountains Recreation and Conservation Authority (MRCA), with which CNC has a reciprocal services agreement (RSA). This grant from the MRCA supports the RSA in support of public access and interpretive programs not funded by other grants. This includes natural and cultural history programs at events, campfire programs, community engagement and outreach, new program development, and operations related to CNC programming.

CNC Training Institute

The Training Institute hosts Community and Certification training on topics related to the naturalist, interpretive, and outdoor fields. Through culturally relevant and responsive training and scholarship programs, the program aims to increase representation in the outdoors through accessible workforce development and education for our communities. Community Trainings focus on outdoor and naturalist topics and are designed with inclusivity in mind to increase knowledge and enjoyment in the outdoor field for diverse audiences. These trainings are open to the public and offered free of cost to participants. Certification Trainings such as the Certified Interpretive Guide and UC California Naturalist Training equip participants with skills and knowledge necessary to enter or advance in careers and volunteering in the outdoor field. These courses are inclusively designed and culturally relevant to diverse participants.

Community Nature Connection

Notes to Financial Statements—Continued

Note 1—Organization—Continued

Youth Leadership Series

The Youth Leadership Series Programs include Emerging Naturalists 1.0, Emerging Naturalists 2.0, and the Continuing Connections Alumni program. Emerging Naturalists sessions are facilitated by naturalists and guest speakers who transform the mountains, coast, and urban parks into outdoor classrooms. Emerging Naturalists 1.0 is a six-week program that introduces youth to natural and cultural resources, outdoor and camping skills, principles of interpretation, and park careers in the field. Emerging Naturalists 2.0 is a sixteen-week program that builds on the experiences and skills learned in Emerging Naturalists 1.0 and includes a community action project component. The Continuing Connections Alumni program provides career development programming and exposure to job opportunities in the outdoor field to our program alumni. Continuing Connections also provides alumni with opportunities for continued engagement with CNC through programming such as interpretive programs, panel discussions, campfires, and documentary screenings.

Akuutet Learning Nursery at Elyria Canyon Park

The Akuutet Learning Nursery (ALN) at Elyria Canyon Park focuses on restoring and enhancing Elyria Canyon Park by using methods known to reduce fire risk in addition to leading interns and park volunteers in local fire resilient restoration efforts. The project is funded by Santa Monica Mountains Conservancy (SMMC) and supported by the Mountains Recreation and Conservation Authority (MRCA). The Akuutet Learning Nursery Internship is a 13 week long program with lessons in local natural history, native plants, restoration, fire resilience, team building, workforce development, front country field trips in the Santa Monica Mountains and camping at Elyria Canyon Park. During this fiscal year, the CNC staff restored the nursery by collecting native seeds, sewing and transplanting native plants. CNC staff facilitated a cohort of 14 youth interns from Northeast LA High Schools and led a camping experience at Elyria Canyon Park. Los Ninos YouthSource Center supported the internship program by sponsoring wages and providing technical support related to workforce development. The Akuutet Learning Nursery Internship culminated with a celebration of interns' accomplishments. Friends, families, and community partners visited Akuutet Learning Nursery and enjoyed a hike, interpretive programs, a community lunch, and intern presentations. Sixty people attended the event. Interns presented and/or led interpretive activities on topics that most intrigued them during the course of the internship. Immediately following the internship culmination, interns participated in an urban camping experience at Elyria Canyon Park. All interns were invited to join CNC's Alumni network.

Terngava Naturalist Yu'pa' program

Terngava Naturalist Yu'pa' translates to Summer Naturalist in the Wild. Community Nature Connection (CNC) partnered with the Fernandeño Tataviam Band of Mission Indians Education and Cultural Learning Department (ECLD), California State Parks, and the Emerging Naturalists program to coordinate and implement trips to local California State Parks and Beaches for youth participants. The Terngava Naturalist Yu'pa' program launched and supported 14 youth in accessing outdoors experiences this summer. CNC staff hosted one camping trip and three trips to Tataviam, Chumash and Tongva lands that CA State Parks currently manage. The ECLD and CNC camped at Talepop Village, (Malibu Creek State Park) and took a coastal day trip to Humaliwu (Malibu Lagoon State Beach). Some activities during the camping trip included an overview of camping skills, Leave No Trace principles, and tidepooling. Additionally, MRCA hosted the Terngava Naturalists for kayaking along the "orit" at the Sepulveda Basin. Youth learned about the life-cycle of salmon and its similarities to the local steelhead. ECLD invited community Elders for storytelling at Suitcanga (Los Encinos State Historic Park) and Talepop. For some participants, it was a highlight of their trip to listen to their relatives share stories of their cultural history. Lastly, the Terngava Naturalists visited Maawnga (Rio de Los Angeles State Park) for local birding and current stories of community engagement for the protection of urban access to green spaces. After the closing of the Terngava Naturalist Yu'pa' program, 86% of youth were interested in spending more time in nature.

Community Nature Connection

Notes to Financial Statements—Continued

Note 1—Organization—Continued

Transit to Trails

Transit to Trails (TTT) is an outdoor access program in Los Angeles County focusing on communities impacted by racial, socio-economic, and disability injustices. Outreach locations include proximity to community-based organizations and public libraries in the greater Los Angeles Area. Programming includes interpretive, guided tours, and activities that focus on various topics related to the coast and the Santa Monica Mountains like ecology, wildlife, marine life, oceanography, the importance of watersheds, coastal and mountain protection, tide pools, and the cultural significance of these sites to indigenous cultures and the public. The TTT program facilitated the Explore the Coast grant and the Whale Tail Grant. A total of twenty-seven trips were coordinated and facilitated by CNC staff with local community partners. Community partnerships included Chinatown Branch Library/Chinatown Teen-Council, Compton Junior Equestrians, Franklin High School Environmental Club, Happy Trails for Kids, Koreatown Youth Community Center, LIFT, Para Los Niños, Sotomayor Environmental Club, Southeast Asian Community Alliance, Tataviam Mission Band of Indians, Wildwoods LA, and Women's Leadership Project. Program trip locations included Abalone Cove, Los Angeles Natural History Museum, Los Angeles State Historic Park, Temescal Canyon Gateway Park, King Gillette Ranch, Malibu Lagoon State Beach, and Will Rogers State Beach. Participants connected to nature, explored tidepools, learned about the Coastal Act, and the connection between watersheds and ocean health. The final TTT trip was a collaboration between the TTT program and Akuutet Learning Nursery at Will Rogers State Beach. Free transportation for each TTT trip was made possible through generous support from the Mountains Recreation and Conservation Authority and the LA County Board of Supervisors.

Fire Resilience Workforce & Education Programs

Fire Resilience Restoration Workforce Internship provides a 4 month internship program with focus on wildfire resilience restoration projects and community outreach and engagement. Through the internship program, interns gained knowledge, skills, and experience implementing restoration projects with Restoration Interns and volunteers within Elyria Canyon Park. The CNC Fire Resilience Restoration Workforce Internship program recruits and employs youth interns and volunteers impacted by racial, socioeconomic, and disability injustices to carry out restoration projects in partnership with land agencies within the Northeast Los Angeles area and Elyria Canyon Park Akuutet Learning Nursery. In partnership with local Youthsource Centers to secure hourly pay for each intern, youth interns learn how to restore and enhance fire-prone habitats using methods known to reduce fire risk in addition to learning how to lead park volunteers in large-scale fire resilient restoration efforts. Interns will learn the importance of maintaining native plant habitat for local wildlife through education and wildlife camera techniques.

Outdoor & Coastal Access Leadership Institute (OCALI)

The Outdoor & Coastal Access Leadership Institute is a hybrid learning course for individuals interested in outdoor and coastal access issues and projects. It is designed for individuals to understand the dynamic and current advocacy efforts to maximize public access to local outdoors. This 3-month hybrid course offers a special focus on outdoor experiences in parks managed by the Mountains Recreation and Conservation Authority including Santa Monica Mountains and the Malibu Coast. Participants learn tools of project management, inclusivity in the field and interpretation for and from diverse perspectives. This course is a combination of online virtual meetings and in-person outdoor field trips. The Outdoor Access Leadership Program engaged 14 youth participants between the ages of 15 and 24 from the Akuutet Learning Nursery through parkland visits and social and emotional learning, educational and interpretive programs, and outdoor activities like hiking and camping.

Community Nature Connection
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. CNC's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of CNC and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of CNC. These net assets may be used at the discretion of CNC's management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of CNC and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit CNC to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to CNC's ongoing outdoor programs and services and interest earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. CNC did not engage in any reportable nonoperating activities during the year ended June 30, 2023.

Income Taxes—CNC is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, CNC is not a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered '*more likely than not*' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2023. Generally, CNC's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Recently Adopted Accounting Principle—In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This amendment is applicable to leases with terms exceeding 12 months and requires lessees to recognize the assets and related liabilities that arise from leases in the statements of financial position. Additionally, July 2018, FASB issued ASU 2018-11 *Leases (Topic 842)—Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative effect adjustment to the opening balance of net assets without donor restrictions in the period of adoption. Since CNC has no leases with terms exceeding one year as of the year ended June 30, 2023, CNC has adopted ASU No. 2016-02 and its related amendments on a prospective basis, with no resulting impact on the financial statement presentation.

Community Nature Connection
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Cash and Cash Equivalents—Cash consists of balances in checking and savings accounts and in certificates of deposit at banks. CNC considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Grants and Contributions—Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Investments—Investments in certificates of deposits are initially recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment income, gains and losses are reported as without donor restrictions income unless use of the earnings is restricted by investment in certificates of deposit.

Concentration of Credit Risk—Financial instruments which potentially subject CNC to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and receivables.

CNC places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Such cash balances are normally not in excess of FDIC insurance limits.

Cash held in investment accounts at investment custodians is insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000, per institution. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. Such balances are normally not in excess of the SIPC coverage limits.

While CNC is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf, CNC's management has assessed the credit risk associated with its cash deposits and investments at June 30, 2023 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments. (See also Note 9 regarding banking crisis.)

Accounts receivable at June 30, 2023 are due from corporations and individuals well-known to CNC, with favorable past payment histories. CNC's management has assessed the credit risk associated with these accounts receivable and has determined that an allowance for potential uncollectible amounts is not necessary.

Contracts with Customers—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time customer obtains control of a contracted goods or services. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, and timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Community Nature Connection
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

In-Kind Contributions—In-kind contributions consist of donated goods and services, which includes donated office space, professional services, supplies, telephone, and travel. In-kind goods are recorded at fair value on the date of donation. In-kind services are recorded at fair value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Interest and Dividend Income—Interest and dividend income earned on investments is recognized when received and is reported as interest and dividends under revenue and support in the statement of activities.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Salaries, payroll taxes, employee benefits, insurance, marketing, office expense, professional development, professional services, program costs, rent, supplies telephone, and travel are allocated on the basis of estimates of time and effort. All other functional expenses are charged directly to the program or supporting service benefitted.

Use of 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.

Note 3—Availability and Liquidity

CNC's goal is generally to maintain financial assets to meet 30 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

The following represents the availability and liquidity of CNC's financial assets at June 30, 2023 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$	150,524
Investments		15,242
Accounts receivable		213,980
Current Availability of Financial Assets		<u>\$ 379,746</u>

Note 4—Investments and Fair Value Measurement

In determining the fair value of investments, CNC utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. CNC determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to CNC at the measurement date.

Level 2—Valuations based on observable inputs (other than Level 1) such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly.

Community Nature Connection
Notes to Financial Statements—Continued

Note 4—Investments and Fair Value Measurement—Continued

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgment.

CNC may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by CNC to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. CNC had no assets or liabilities classified at NAV as a practical expedient during the year ended June 30, 2023.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2023 and consist of investments in certificates of deposit totaling \$15,242, which are considered to have Level 2 inputs.

Note 5—Accounts Receivable

Accounts receivable at June 30, 2023 consist of amounts due from corporations and individuals well known to CNC. Management has evaluated outstanding receivables and determined no allowance for uncollectable receivables was necessary.

Note 6—Funds Due to RPOSD

During the year ended June 30, 2019, CNC received a grant with donor restrictions from the Los Angeles County Regional Park and Open Space District (RPOSD) totaling \$2,117,251. RPOSD conducted an audit of CNC's grant expenditures, as allowed in their grant agreement, and identified unallowable costs of \$98,967 which CNC is required to return to RPOSD. The repayment terms required 60 monthly payments of approximately \$1,649 beginning November 1, 2021. CNC made a payment of \$84,122 to RPOSD, after which RPOSD completed their audited and adjusted their identified unallowable costs from \$98,967 to \$89,161. Adjusted for the initial payment and reduced unallowable costs, CNC is required to return a remaining \$5,039 to RPOSD, which is recorded in the statement of activities in the return of prior period grant caption and in the statement of financial position in the funds due to RPOSD caption. Under the new repayment terms, CNC is required to make 12 monthly payments of approximately \$420 beginning August 1, 2023; the grant will be repaid in full on July 1, 2024.

Community Nature Connection
Notes to Financial Statements—Continued

Note 7—In-Kind Contributions

For the year ended June 30, 2023, in-kind contributions and expenses consisted of \$114,591 and are included in the statement of activities under support and in the statement of functional expenses under the following expense captions:

Rent	\$	45,636
Professional services		31,063
Travel		12,836
Telephone		11,095
Salaries		10,265
Employee benefits		1,437
Program costs		1,091
Professional development		965
Insurance		96
Payroll taxes		77
Office expense		30
Total		\$ 114,591

Rent is valued at estimated market rental rate for comparable facilities, at a rate of \$2 per square foot. The in-kind rent is on a year-to-year lease. Professional Services are valued based on current rates of legal and accounting services provided by professional firms. Professional services consists of legal services (define) valued at their standard billing rate, ranging from \$455 to \$665. Salaries, program costs, travel, telephone, employee benefits, profession development, insurance, payroll taxes, and office expenses are all valued based on actual expenses incurred by CNC. In-kind expenses are allocated across all programs and general and administration categories and are expensed as incurred. All in-kind contributions are not restricted and not monetized.

Note 8—Net Assets with Donor Restrictions

Net assets with donor restrictions for the year ended June 30, 2023 are as follows:

Subject to expenditure for specified purpose:		
Outdoor & Coastal Access Leadership	\$	5,668
Terngava Naturalist Yu'pa'		20,485
Other		5,776
Total Net Assets with Donor Restrictions		\$ 31,929

Community Nature Connection
Notes to Financial Statements—Continued

Note 8—Net Assets with Donor Restrictions—Continued

Net assets released from donor restrictions for the year ended June 30, 2023 are as follows:

Satisfaction of purpose restrictions:	
Mountain Recreation and Conservation Authority	\$ 618,399
William O. Douglas Outdoor Classroom	184,395
Santa Monica Mountains Conservancy	132,628
Explore the Coast	47,438
Whale Tail	43,027
Outdoor & Coastal Access Leadership	25,502
Paramount Ranch Restoration Project	18,951
Terngava Naturalist Yu'pa'	18,647
Reseda Park Engagement Project	14,445
Fire Resilience Education Program	11,529
Youth Development and Nature Cohort	10,000
Other	9,213
Coastal Access Communication Engagement Project	5,819
Total Net Assets Released from Donor Restrictions	<u>\$ 1,139,993</u>

Note 9—Risks and Uncertainties

In March 2023, the shut-down of certain financial institutions raised economic concerns over disruption in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system, however, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects. As of the date of this report, and as disclosed in Note 2, management does not believe CNC is exposed to any significant financial risk as a result of this crisis.

Note 10—Subsequent Events

Management evaluated all activities of Community Nature Connection through June 4, 2024, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.