

**NATURE DISCOVERY CENTER, INC.**

**FINANCIAL STATEMENTS  
AND INDEPENDENT ACCOUNTANT'S  
REVIEW REPORT**

**YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**Durio & Company, P.C.**  
*Certified Public Accountants*

**NATURE DISCOVERY CENTER, INC.**

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### INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Nature Discovery Center, Inc.  
Bellaire, Texas

We have reviewed the accompanying financial statements of Nature Discovery Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

#### **Management's Responsibility 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; 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.

#### **Accountant's Responsibility**

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

#### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Durio & Company, P.C.*

December 7, 2020



**NATURE DISCOVERY CENTER, INC.**

**STATEMENT OF FINANCIAL POSITION**

**September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b><u>ASSETS</u></b>		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 191,604	\$ 210,568
Prepaid expenses	16,186	17,268
Pledges receivable	1,524	274
Investments	913,956	927,215
Fixed assets (Net of accumulated depreciation & amortization of \$251,118 in 2019 and \$177,290 in 2018)	<u>1,125,573</u>	<u>1,220,321</u>
Total Assets	<u>\$ 2,248,843</u>	<u>\$ 2,375,646</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 8,997	\$ 2,784
Payroll & sales taxes payable	3,309	4,002
Deferred revenue	<u>30,354</u>	<u>65,915</u>
Total Liabilities	<u>42,660</u>	<u>72,701</u>
<b>NET ASSETS</b>		
Without donor restrictions		
- Undesignated	1,284,935	1,320,212
- Designated as a reserve fund	<u>913,956</u>	<u>927,215</u>
	2,198,891	2,247,427
With donor restrictions	<u>7,292</u>	<u>55,518</u>
Total Net Assets	<u>2,206,183</u>	<u>2,302,945</u>
Total Liabilities and Net Assets	<u>\$ 2,248,843</u>	<u>\$ 2,375,646</u>

See the accompanying Notes to Financial Statements  
and Independent Accountant's Review Report

**NATURE DISCOVERY CENTER, INC****STATEMENT OF ACTIVITIES**

Year ended September 30, 2019

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions and grants	\$ 145,397	\$ 19,526	\$ 164,923
Special events (Net of costs of \$84,572)	105,394		105,394
Program service income	178,403		178,403
Membership dues & assessments	25,470		25,470
Investment income (Net of management fees of \$9,859)	16,738	-	16,738
Total Revenues & Support	<u>471,402</u>	<u>19,526</u>	<u>490,928</u>
<b>EXPENSES</b>			
Program Services	<u>430,234</u>	<u>-</u>	<u>430,234</u>
Supporting Services:			
Management and general	67,767		67,767
Fundraising	<u>89,689</u>	<u>-</u>	<u>89,689</u>
	<u>157,456</u>	<u>-</u>	<u>157,456</u>
Total Expenses	<u>587,690</u>	<u>-</u>	<u>587,690</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of restrictions	<u>67,752</u>	<u>(67,752)</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	(48,536)	(48,226)	(96,762)
<b>NET ASSETS - SEPTEMBER 30, 2018</b>	<u>2,247,427</u>	<u>55,518</u>	<u>2,302,945</u>
<b>NET ASSETS - SEPTEMBER 30, 2019</b>	<u>\$ 2,198,891</u>	<u>\$ 7,292</u>	<u>\$ 2,206,183</u>

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**NATURE DISCOVERY CENTER, INC****STATEMENT OF ACTIVITIES**

Year ended September 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions and grants	\$ 173,230	\$ 89,435	\$ 262,665
Special events (Net of costs of \$84,848)	84,650		84,650
Program service income	163,692		163,692
Membership dues & assessments	25,980		25,980
Investment income (Net of management fees of \$10,441)	46,744	-	46,744
Total Revenues & Support	<u>494,296</u>	<u>89,435</u>	<u>583,731</u>
<b>EXPENSES</b>			
Program Services	<u>433,989</u>	-	<u>433,989</u>
Supporting Services:			
Management and general	79,268		79,268
Fundraising	<u>76,300</u>	-	<u>76,300</u>
	<u>155,568</u>	-	<u>155,568</u>
Total Expenses	<u>589,557</u>	-	<u>589,557</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of restrictions	<u>48,667</u>	<u>(48,667)</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	(46,594)	40,768	(5,826)
<b>NET ASSETS - SEPTEMBER 30, 2017</b>	<u>2,294,021</u>	<u>14,750</u>	<u>2,308,771</u>
<b>NET ASSETS - SEPTEMBER 30, 2018</b>	<u>\$ 2,247,427</u>	<u>\$ 55,518</u>	<u>\$ 2,302,945</u>

See the accompanying Notes to Financial Statements  
and Independent Accountant's Review Report

**NATURE DISCOVERY CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Years ended September 30, 2019 and 2018**

	2019			2018				
	Program Services	Supporting Services Management & General	Fundraising	Total	Program Services	Supporting Services Management & General	Fundraising	Total
Salaries & wages	\$ 228,840	\$ 35,512	\$ 71,109	\$ 335,461	\$ 225,669	\$ 38,124	\$ 55,522	\$ 319,315
Staff benefits	14,493	3,047	347	17,887	17,414	4,325	2,027	23,766
Payroll taxes	17,519	2,708	5,431	25,658	17,264	2,916	4,248	24,428
Nature program expenses	5,777			5,777	6,414			6,414
Maintenance	32,188	1,925		34,113	40,709	1,780		42,489
Other expenses	20,098	1,272	4,708	26,078	14,115	3,023	7,153	24,291
Depreciation & Amortization	76,874	5,391	1,674	83,939	75,324	5,391	1,674	82,389
Gateway Project	928			928	892			892
Accounting professional fees		7,730		7,730		9,830		9,830
Credit card processing & bank fees	8,458	38	761	9,257	9,038	1	982	10,021
Contract labor		2,255		2,255		5,085		5,085
Technology expenses	8,217	1,632	717	10,566	7,876	1,565	687	10,128
Insurance	3,324	3,739		7,063	3,185	3,583		6,768
Office Expense	7,010	508	3,070	10,588	8,743	1,259	2,789	12,791
Staff development	320	286	1,263	1,869	736	553	550	1,839
Telephone & Internet	2,842	609	609	4,060	3,116	668	668	4,452
Utilities	3,346	1,115	-	4,461	3,494	1,165	-	4,659
<b>TOTAL EXPENSES</b>	<b>\$ 430,234</b>	<b>\$ 67,767</b>	<b>\$ 89,689</b>	<b>\$ 587,690</b>	<b>\$ 433,989</b>	<b>\$ 79,268</b>	<b>\$ 76,300</b>	<b>\$ 589,557</b>

See the accompanying Notes to Financial Statements  
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**NATURE DISCOVERY CENTER, INC.**

**STATEMENT OF CASH FLOWS**

**Years ended September 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (96,762)	\$ (5,826)
Adjustments:		
Depreciation & amortization	83,939	82,389
Net (increase)/decrease in prepaid expenses	1,082	(6,472)
Net (increase)/decrease in pledges receivable	(1,250)	371
Net increase/(decrease) in accounts payable	6,213	(1,869)
Net increase/(decrease) in payroll & sales taxes payable	(693)	2,744
Net increase/(decrease) in deferred revenue	<u>(35,561)</u>	<u>38,415</u>
Net Cash Provided by/(Used For) Operating Activities	<u>(43,032)</u>	<u>109,752</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net (increase)/decrease in investments	13,259	(29,037)
Net (increase)/decrease in fixed assets	<u>10,809</u>	<u>(23,938)</u>
Net Cash Provided by/(Used for) Investing Activities	<u>24,068</u>	<u>(52,975)</u>
<b>NET INCREASE/(DECREASE) IN CASH</b>	(18,964)	56,777
<b>CASH - BEGINNING OF YEAR</b>	<u>210,568</u>	<u>153,791</u>
<b>CASH - END OF YEAR</b>	<u>\$ 191,604</u>	<u>\$ 210,568</u>

See the accompanying Notes to Financial Statements  
and Independent Accountant's Review Report



**NATURE DISCOVERY CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2019 and 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed by Nature Discovery Center, Inc. are described below to enhance the usefulness of the financial statements to the reader. The objective of the organization is to ignite life-long curiosity, understanding, and respect for nature through education. Unlike the financial statements of profit-motivated entities, this report places primary emphasis on the stewardship and use of assets rather than income determination.

Reporting Entity

Nature Discovery Center, Inc. is a Texas Non-Profit Corporation incorporated in 1979. The organization operates exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

Basis of Presentation

The financial statements have been prepared in accordance with standards for not-for-profit organizations adopted by the Financial Accounting Standards Board. They are stated on the accrual basis of accounting whereby expenses are recorded when incurred, donations are recorded when notice is received, and grant revenues are recorded when earned.

Income Taxes

Nature Discovery Center, Inc. is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code. The Internal Revenue Service has determined that the organization qualifies as a public charity and is not a private foundation within the meaning of Section 509(a) of the Code.

Cash and Cash Equivalents

"Cash equivalents" are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Donated assets and services

Donated fixed assets are recorded as revenue in the financial statements. Donated services are recorded as revenue only if the services require specialized skills, are provided by entities or persons possessing those skills, and would be purchased if they were not donated.

**Nature Discovery Center, Inc.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2019 and 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Depreciation and amortization of fixed assets

Fixed assets are recorded at cost as of the date of acquisition for purchased assets and fair value for donated assets. Depreciation is recorded using the straight-line method over the estimated useful lives of assets (5 to 10 years). Amortization of Leasehold Improvements is recorded using the straight-line method over estimated useful life of improvements (10 to 25 years).

The cost and accumulated depreciation of fixed assets sold or retired is removed from the related asset and accumulated depreciation accounts, and any resulting gain or loss is recorded in the period of disposal. Renewals and improvements that extend the useful lives of assets are capitalized at cost. Maintenance and repairs are included as expenses in the statement of activities.

Estimates

Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

**NOTE 2: INVESTMENT ASSETS AND INVESTMENT EARNINGS**

As of September 30, 2019 and 2018, the investment assets and investment earnings consisted of the following. All investment assets have readily determinable fair values, and are shown at fair value.

	<u>2019</u>	<u>2018</u>
<u>Investment Assets</u>		
Cash & Cash Equivalents	\$ 48,163	\$ 37,668
Exchange Traded Funds	47,644	66,805
Fixed Income	488,049	500,455
Mutual Funds	40,380	
Stocks	<u>289,720</u>	<u>322,287</u>
	<u>\$913,956</u>	<u>\$927,215</u>
 <u>Investment Earnings</u>		
Dividend and interest income	\$ 32,355	\$ 32,569
Gain/(Loss) on securities	(5,758)	24,616
Management fees	<u>(9,859)</u>	<u>(10,441)</u>
	<u>\$ 16,738</u>	<u>\$ 46,744</u>

**Nature Discovery Center, Inc.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2019 and 2018**

**NOTE 3: PLEDGES RECEIVABLE**

Pledges receivable represent unconditional promises to give by donors. As of September 30, 2019 and 2018, the anticipated dates for collection of the pledges are as follows:

	<u>2019</u>	<u>2018</u>
Anticipated collections within one year	<u>\$1,524</u>	<u>\$ 274</u>

**NOTE 4: FIXED ASSETS**

At September 30, 2019 and 2018, the major classes of fixed assets are as follows:

	<u>2019</u>	<u>2018</u>
Furniture & Equipment	\$ 79,381	\$ 79,381
Software		20,920
Leasehold Improvements	<u>1,297,310</u>	<u>1,297,310</u>
	1,376,691	1,397,611
Accumulated depreciation and amortization	<u>(251,118)</u>	<u>(177,290)</u>
	<u>\$1,125,573</u>	<u>\$1,278,772</u>

**NOTE 5: DEFERRED REVENUE**

Deferred revenue at September 30, 2019 and 2018, in the amounts of \$30,354 and \$65,915 respectively, primarily represents advance payments received for special events that occur in the subsequent fiscal year.

**Nature Discovery Center, Inc.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2019 and 2018**

**NOTE 6: NET ASSETS**

Without Donor Restrictions

Unrestricted net assets represent resources available for use by the organization that are not restricted by donors or other outside parties.

The Board of Directors has designated a portion of the unrestricted net assets to be maintained in a designated reserve for future needs of the organization. The balance of the designated reserve amounted to \$913,956 as of September 30, 2019, and \$927,215 as of September 30, 2018. Since designated net assets are not restricted by outside parties, the amounts can be utilized at the discretion of the Board.

With Donor Restrictions

Restricted net assets consist of funds that are restricted by donors for specific uses within the organization. At September 30, 2019 and 2018, the balance of temporarily restricted net assets consisted of the following:

	<u>2019</u>	<u>2018</u>
Field Trips & Community Outreach	\$	\$50,000
Park Improvements	3,811	3,658
Scholarships	2,411	1,860
Herb Garden & Plants	<u>1,070</u>	<u>1,860</u>
	<u>\$7,292</u>	<u>\$55,518</u>

**NOTE 7: DONATED GOODS AND SERVICES**

Donated goods and services are non-cash items for statement of cash flow purposes and are recognized in the financial statements as income and expense corresponding to the nature of the donation. Such amounts (other than those donated by the City of Bellaire discussed in Note 8) were \$25,084 and \$25,755, respectively for fiscal years ended September 30, 2019 and 2018.

**NOTE 8: RELATED PARTY TRANSACTIONS - CITY OF BELLAIRE, TX**

Certain expenses of operations of Nature Discover Center are paid by the City of Bellaire, Texas in accordance with the agreement discussed in Note 9. Such expenditures are recorded as expenses or Leasehold Improvements in the financial statements, with a corresponding entry for contributions to Nature Discovery Center by the City of Bellaire.

The expenses and Leasehold Improvements include electricity, natural gas, repairs and maintenance, trash removal, and various improvements to the facilities. The expenses paid by the City amounted to \$21,989 in fiscal year ended September 30, 2019, and \$25,942 in 2018. The Leasehold Improvements provided by the City amounted to \$0- in fiscal year ended September 30, 2019, and \$18,379 in 2018.

**Nature Discovery Center, Inc.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2019 and 2018**

**NOTE 9: AGREEMENT WITH CITY OF BELLAIRE, TEXAS**

Current Lease Agreement

Effective March 1, 2015, Nature Discovery Center is a party to a lease agreement with the City of Bellaire, Texas, for the organization's operating facilities located in Russ Pitman Park in Bellaire, Texas. The lease covers the Henshaw House, an improvement within Russ Pitman Park, as well as the park itself, for the operation of a nature discovery center.

Rent, in the nominal sum of \$10, covers the full term of the lease for a ten-year period. After the term, the organization has the option to extend the lease for two additional ten-year terms. Nature Discovery Center agrees in the lease to use the premises for horticultural, ecological, botanical and zoological studies and exhibitions, as well as programs and events fostering an understanding of the natural environment and a caring attitude toward it.

The City of Bellaire provides landscaping maintenance services and major tree pruning and/or hazard tree removal; trash receptacles and trash/recycling removal; major repairs to the building; painting of the building; all electricity, gas and water; security lighting and fire systems; and outdoor restroom facilities.

Nature Discovery Center provides minor plumbing repairs; maintenance of equipment; maintenance and cleaning of interior of the Henshaw House; and overall care of the property.

**NOTE 10: OTHER DONATED SERVICES & MATERIALS**

Certain donated services and materials do not meet the criteria for inclusion in the financial statements, but are disclosed below for informational purposes.

Program Services:

About 300 volunteers assisted in the operation of Nature Discovery Center, Inc. during each of the years ended September 30, 2019 and 2018, contributing approximately 6,000 hours of time each year to the organization. Volunteers included individual teens and adults, groups from schools, service organizations, school clubs, religious institutions, and schools.

Volunteers help care for the park and lead groups of school children on investigations in the park and on explorations of the Discovery Rooms. Volunteers also help plan and execute two major fundraising events: Twilight Gala and Pumpkin Patch. They also run games and children's activities at community gatherings, such as Spring Fling. Teen volunteers play an especially important role in the summer, serving as guides and camp counselors during summer break.

**Nature Discovery Center, Inc.**  
**Notes to Financial Statements (Continued)**  
**September 30, 2019 and 2018**

**NOTE 11: SUBSEQUENT EVENTS REVIEW**

Events related to Nature Discovery Center were reviewed subsequent to the financial statements date of September 30, 2019, through December 7, 2020, (the date of the Independent Accountant's Review Report). No subsequent events occurred that would require disclosure in the financial statements or cause the financial statements to be misleading.