

**SECOND NATURE, INC.**

**FINANCIAL STATEMENTS**

**EIGHT MONTH PERIOD ENDED  
DECEMBER 31, 2008  
AND YEAR ENDED APRIL 30, 2008**

**SECOND NATURE, INC.**  
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**AND YEAR ENDED APRIL 30, 2008**

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INDEPENDENT AUDITOR'S REPORT

May 27, 2009

Board of Directors  
Second Nature, Inc.  
Dedham, Massachusetts

We have audited the accompanying statement of financial position of Second Nature, Inc. (a nonprofit organization) as of December 31, 2008 and April 30, 2008 and the related statements of activities and cash flows for the eight-month period ended December 31, 2008 and the year ended April 30, 2008. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Second Nature, Inc. as of December 31, 2008 and April 30, 2008, and the changes in its net assets and its cash flows for the eight-month period ended December 31, 2008 and the year ended April 30, 2008 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 10 and 11 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Stanton & Co.*

**SECOND NATURE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2008 AND APRIL 30, 2008**

<b>ASSETS</b>	<b>December 31, 2008</b>	<b>April 30, 2008</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,362,608	\$ 100,638
Accounts receivable	53,630	25,880
Grant receivable	41,838	109,250
<b>TOTAL CURRENT ASSETS</b>	<b>1,458,076</b>	<b>235,768</b>
<b>FIXED ASSETS:</b>		
Computer equipment	14,479	4,476
Accumulated depreciation	(5,984)	(3,936)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>8,495</b>	<b>540</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,466,571</b>	<b>\$ 236,308</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 49,783	\$ 15,159
Deferred revenue	52,000	
<b>TOTAL CURRENT LIABILITIES</b>	<b>101,783</b>	<b>15,159</b>
<b>NET ASSETS:</b>		
Unrestricted net assets	12,937	57,016
Temporarily restricted net assets	1,351,851	164,133
<b>TOTAL NET ASSETS</b>	<b>1,364,788</b>	<b>221,149</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,466,571</b>	<b>\$ 236,308</b>

See notes to financial statements

**SECOND NATURE, INC.**  
**STATEMENT OF ACTIVITIES**  
**EIGHT MONTH PERIOD ENDED DECEMBER 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE:</b>			
Grants and contributions	\$ 357,941	\$ 1,270,500	\$ 1,628,441
Dues	1,500		1,500
Honoraria	29,900		29,900
Miscellaneous income	10		10
Interest income	1,688		1,688
Satisfaction of program restrictions	<u>82,782</u>	<u>(82,782)</u>	<u>-</u>
<b>TOTAL REVENUE</b>	<u>473,821</u>	<u>1,187,718</u>	<u>1,661,539</u>
<b>EXPENSES:</b>			
Program development	464,629		464,629
Management and general	28,214		28,214
Fundraising	<u>25,057</u>		<u>25,057</u>
<b>TOTAL EXPENSES</b>	<u>517,900</u>	<u>-</u>	<u>517,900</u>
Change in net assets	(44,079)	1,187,718	1,143,639
Net assets, beginning of year	<u>57,016</u>	<u>164,133</u>	<u>221,149</u>
Net assets, end of year	<u>\$ 12,937</u>	<u>\$ 1,351,851</u>	<u>\$ 1,364,788</u>

See notes to financial statements

**SECOND NATURE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED APRIL 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE:</b>			
Grants and contributions	\$ 362,600	\$ 122,500	\$ 485,100
Dues	64,000		64,000
Honoraria	60,939		60,939
Miscellaneous income	186		186
Interest income	2,116		2,116
Satisfaction of program restrictions	49,262	(49,262)	-
<b>TOTAL REVENUE</b>	<u>539,103</u>	<u>73,238</u>	<u>612,341</u>
<b>EXPENSES:</b>			
Program development	390,602		390,602
Management and general	91,410		91,410
Fundraising	35,995		35,995
<b>TOTAL EXPENSES</b>	<u>518,007</u>	<u>-</u>	<u>518,007</u>
Change in net assets	21,096	73,238	94,334
Net assets, beginning of year	<u>35,920</u>	<u>90,895</u>	<u>126,815</u>
Net assets, end of year	<u>\$ 57,016</u>	<u>\$ 164,133</u>	<u>\$ 221,149</u>

See notes to financial statements

**SECOND NATURE, INC.**  
**STATEMENT OF CASH FLOWS EIGHT MONTH PERIOD ENDED DECEMBER 31, 2008**  
**AND YEAR ENDED APRIL 30, 2008**

	<u>December 31,</u> <u>2008</u>	<u>April 30,</u> <u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,143,639	\$ 94,334
Non-cash items included in change in net assets-		
net cash from operating activities:		
Depreciation expense	2,048	539
(Increase) decrease in operating assets:		
Accounts receivable	(27,750)	(25,880)
Grant receivable	67,412	(79,250)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	34,624	7291
Deferred revenue	52,000	
Net cash provided (used) by operating activities	<u>1,271,973</u>	<u>(2,966)</u>
Cash flows from financing activities:		
Purchase of fixed assets	<u>(10,003)</u>	<u>                    </u>
Net increase (decrease) in cash	1,261,970	(2,966)
Cash and cash equivalents:		
Beginning of Year	<u>100,638</u>	<u>103,604</u>
End of Year	<u>\$ 1,362,608</u>	<u>\$ 100,638</u>

See notes to financial statements

**SECOND NATURE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2008 and April 30, 2008**

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

Second Nature, Inc. (the "Organization") was incorporated on April 30, 1993 as a nonprofit organization. Its mission is to train faculty at all levels so that environmental understanding, issues and perspectives can be integrated into the normal disciplinary teaching.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

Cash Equivalents

Cash equivalents includes all highly liquid debt instruments with purchased maturities of three months or less.

Property and Equipment

Purchased equipment is recorded at cost at the date of acquisition. Contributed assets are capitalized at their fair values at the date of contribution. Proceeds from the sale of assets, if unrestricted, are transferred to unrestricted net assets or, if restricted, restricted for future acquisitions.

Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of the assets.

**SECOND NATURE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2008 and April 30, 2008**

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Organization's policy is to report as unrestricted support contributions with donor imposed restrictions when these restrictions are met in the same year that the contribution was received.

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

**SECOND NATURE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2008 and April 30, 2008**

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Income Taxes

The Organization is exempt from federal income taxes under section 501 (c) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for the years ended April 30, 2008 and 2007.

Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. The Organization deemed no allowance for doubtful accounts necessary at December 31, 2008 and April 30, 2008.

Functional Expenses -

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. Other expenses that are common to several functions are allocated in accordance with the Organization's indirect costs allocation plan.

2. **RESTRICTIONS ON NET ASSETS**

Temporarily restricted assets at December 31, 2008 and April 30, 2008 represent grant funds available for the following purposes:

	December 31, 2008	April 30, 2008
Clinton Climate Initiative	\$ 621	\$ 12,654
Green Facilities Project	1,042,000	
Tompkins County Climate Protection	39,691	
Campaign for Environmental Literacy	<u>269,539</u>	<u>151,479</u>
	<u>\$1,351,851</u>	<u>\$ 164,133</u>

**SECOND NATURE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2008 and April 30, 2008**

**3. CONCENTRATION OF RISK**

Cash

The Organization maintains a bank account with a creditworthy, high quality financial institution whose total account balances at December 31, 2008 and April 30, 2008 exceeded the federally insured limit of \$250,000 and \$100,000, respectively, by \$82,338 and \$2,724, respectively. However, the Organization has not experienced any such losses and management does not believe that there is a significant risk of loss.

Contributors

For the eight month period ended December 31, 2008 and the year ended April 30, 2008 contributions from individually significant contributors, which are contributors donating \$5,000 or more, amounted to approximately 100% and 99.5%, respectively, of total contributions.

**4. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of financial instruments including cash, accounts receivable, grant receivable, accounts payable and accrued expenses and deferred revenue approximate fair value as of December 31, 2008 and April 30, 2008.

**5. CHANGE IN ACCOUNTING PERIOD**

The Organization changed its accounting year end in 2008 to December 31. This has resulted in an eight month reporting period ending December 31, 2008.

**6. EMPLOYEE BENEFIT PLAN**

In October 2008 the Organization offered a Simple IRA Plan to its employees and substantially all eligible employees of the Organization may participate in this plan. The Organization provides a maximum matching contribution of 100% of the first 3% of salary invested in the plan by a participant. The Organization made contributions of \$672 for the eight month period ended December 31, 2008.

**SECOND NATURE, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**EIGHT MONTH PERIOD ENDED DECEMBER 31, 2008**

	<u>Programs</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Director's salaries	\$ 60,000		\$ 20,000	\$ 80,000
Staff salaries	150,003	\$ 7,236	223	157,462
Employee benefits & payroll taxes	30,924	1,065	2,978	34,967
Insurance	2,644	91	255	2,990
Office costs	12,581	179	499	13,259
Payroll fees				-
Postage				-
Professional fees	174,095	19,250		193,345
Rent	7,935	273	764	8,972
Travel, lodging, meals	22,942			22,942
Depreciation	1,811	62	175	2,048
Utilities	1,694	58	163	1,915
<b>TOTAL</b>	<u><u>\$ 464,629</u></u>	<u><u>\$ 28,214</u></u>	<u><u>\$ 25,057</u></u>	<u><u>\$ 517,900</u></u>

See notes to financial statements

**SECOND NATURE, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED APRIL 30, 2008**

	Programs	Management and General	Fund Raising	Total
Director's salaries	\$ 89,582		\$ 29,861	\$ 119,443
Staff salaries	90,683	\$ 14,345		105,028
Employee benefits & payroll taxes	21,125	1,220	2,523	24,868
Bank fees	76	6	13	95
Dues	3,651	293	605	4,549
Insurance	268	21	45	334
Office costs	5,879	401	828	7,108
Payroll fees	1,080	87	179	1,346
Postage	209	17	34	260
Professional fees	125,986	74,100		200,086
Rent	10,412	834	1,726	12,972
Travel, lodging, meals	40,563			40,563
Depreciation	433	34	72	539
Utilities	655	52	109	816
<b>TOTAL</b>	<b><u>\$ 390,602</u></b>	<b><u>\$ 91,410</u></b>	<b><u>\$ 35,995</u></b>	<b><u>\$ 518,007</u></b>

See notes to financial statements