Financial statements of:

THOMAS IRVINE DODGE NATURE CENTER

Years ended
August 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Thomas Irvine Dodge Nature Center
West St. Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thomas Irvine Dodge Nature Center, which comprise the statements of financial position as of August 31, 2024 and 2023, and the related statements of activities, 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 present fairly, in all material respects, the financial position of Thomas Irvine Dodge Nature Center (Organization) as of August 31, 2024 and 2023 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 other 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 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 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.

Schechter Dokken Kanter
Andrews & Selcer Ltd.

December 4, 2024
Minneapolis, MN

THOMAS IRVINE DODGE NATURE CENTER

ASSETS

	2024	2023
Current assets:		
Cash and cash equivalents	**$ 735,994**	$ 472,949
Operating investments	**733,625**	1,006,872
Contributions receivable, current	**533,662**	590,262
Prepaid expenses and other current assets	**36,285**	41,515
Total current assets	**2,039,566**	2,111,598
Property and equipment, net	**12,191,468**	11,486,896
Contributions receivable, long term, net	**223,239**	528,914
Board designated investments	**-**	367,160
Endowment investments	**20,518,663**	18,290,606
Total noncurrent assets	**32,933,370**	30,673,576
Total assets	**$ 34,972,936**	$ 32,785,174

See notes to financial statements.

LIABILITIES AND NET ASSETS

	2024	2023
Current liabilities:		
Accrued expenses	**$ 188,294**	$ 63,571
Deferred revenue	**141,984**	161,975
Total current liabilities	**330,278**	225,546
Net assets:		
Without donor restrictions:		
Undesignated	**1,171,305**	1,143,241
Designated by the Board for specific purpose	**-**	367,160
Designated by the Board for endowment	**4,784,763**	4,264,195
Invested in property and equipment	**7,891,666**	7,187,094
Total without donor restrictions	**13,847,734**	12,961,690
With donor restrictions:		
Perpetual in nature	**15,783,900**	14,131,411
Purpose restrictions	**711,222**	1,166,725
Restricted land	**4,299,802**	4,299,802
Total with donor restrictions	**20,794,924**	19,597,938
Total net assets	**34,642,658**	32,559,628
Total liabilities and net assets	**$ 34,972,936**	$ 32,785,174

See notes to financial statements.

THOMAS IRVINE DODGE NATURE CENTER

	2024			2023		
	Without donor restrictions	**With donor restrictions**	**Total**	Without donor restrictions	With donor restrictions	Total
Revenues, support and gains:						
Program service fees	**$ 534,491**		**$ 534,491**	$ 483,875		$ 483,875
Contributions	**501,224**	**$ 444,576**	**945,800**	716,491	$ 691,409	1,407,900
Preschool tuition	**766,446**	**-**	**766,446**	812,404	-	812,404
Net investment return	**738,945**	**2,269,097**	**3,008,042**	491,547	1,100,201	1,591,748
Other revenue	**218,925**	**-**	**218,925**	162,995	-	162,995
In-kind contributions	**12,737**	**-**	**12,737**	66,130	-	66,130
Special events, net of direct expense of $105,546 and $69,199 in 2024 and 2023, respectively	**137,207**	**-**	**137,207**	253,919	-	253,919
Rental revenue	**64,497**	**-**	**64,497**	67,901	-	67,901
Released from restriction pursuant to endowment spending rate distribution formula	**616,608**	**(616,608)**	**-**	580,692	(580,692)	-
Released from restrictions	**900,079**	**(900,079)**	**-**	2,622,749	(2,622,749)	-
Total revenue, support and gains	**4,491,159**	**1,196,986**	**5,688,145**	6,258,703	(1,411,831)	4,846,872
Expenses:						
Nature and environmental education	**2,838,903**	**-**	**2,838,903**	2,910,306	-	2,910,306
Management and general	**411,544**	**-**	**411,544**	464,332	-	464,332
Fundraising and development	**354,668**	**-**	**354,668**	472,583	-	472,583
	3,605,115	**-**	**3,605,115**	3,847,221	-	3,847,221
Change in net assets	**886,044**	**1,196,986**	**2,083,030**	2,411,482	(1,411,831)	999,651
Net assets, beginning of year	**12,961,690**	**19,597,938**	**32,559,628**	10,550,208	21,009,769	31,559,977
Net assets, end of year	**$ 13,847,734**	**$ 20,794,924**	**$ 34,642,658**	$ 12,961,690	$ 19,597,938	$ 32,559,628

See notes to financial statements.

THOMAS IRVINE DODGE NATURE CENTER

	2024					2023				
		Supporting Services					Supporting Services			
	Nature and Environmental Education	**Management and general**	**Fundraising & development**	**Total supporting services**	**Total**	Nature and Environmental Education	Management and general	Fundraising & development	Total supporting services	Total
Salaries	**$ 1,535,059**	**$ 273,406**	**$ 231,500**	**504,906**	**$ 2,039,965**	$ 1,520,903	$ 263,536	$ 211,389	474,925	$ 1,995,828
Payroll taxes	**114,717**	**20,381**	**16,565**	**36,946**	**151,663**	116,411	17,340	15,010	32,350	148,761
Employee benefits	**123,371**	**17,112**	**26,981**	**44,093**	**167,464**	121,486	11,271	28,778	40,049	161,535
	1,773,147	**310,899**	**275,046**	**585,945**	**2,359,092**	1,758,800	292,147	255,177	547,324	2,306,124
Program supplies expenses	**72,502**	**-**	**2,543**	**2,543**	**75,045**	64,399	-	2,446	2,446	66,845
Professional fees	**54,648**	**50,556**	**11,844**	**62,400**	**117,048**	207,790	103,875	58,651	162,526	370,316
Repairs and maintenance	**232,478**	**4,171**	**12,468**	**16,639**	**249,117**	213,382	4,684	24,243	28,927	242,309
Miscellaneous	**3,991**	**-**	**2,060**	**2,060**	**6,051**	16,209	2,766	1,085	3,851	20,060
Dues and subscriptions	**2,625**	**2,747**	**380**	**3,127**	**5,752**	-	-	-	-	-
Insurance	**55,664**	**11,117**	**-**	**11,117**	**66,781**	43,670	11,892	-	11,892	55,562
Life insurance premium	**-**	**-**	**-**	**-**	**-**	-	-	83,110	83,110	83,110
Office expense	**27,001**	**8,059**	**28,558**	**36,617**	**63,618**	26,757	9,658	31,405	41,063	67,820
Conferences	**1,191**	**8,400**	**905**	**9,305**	**10,496**	5,938	4,261	1,072	5,333	11,271
Travel	**7,200**	**574**	**294**	**868**	**8,068**	-	-	-	-	-
Supplies	**42,680**	**2,025**	**5,917**	**7,942**	**50,622**	30,090	22,032	575	22,607	52,697
Advertising	**6,228**	**-**	**4,522**	**4,522**	**10,750**	4,706	-	5,710	5,710	10,416
Pension and retirement plans	**61,572**	**12,996**	**10,131**	**23,127**	**84,699**	60,424	13,017	9,109	22,126	82,550
Utilities	**67,679**	**-**	**-**	**-**	**67,679**	86,675	-	-	-	86,675
Scholarship awards	**43,347**	**-**	**-**	**-**	**43,347**	50,209	-	-	-	50,209
Depreciation	**386,950**	**-**	**-**	**-**	**386,950**	341,257	-	-	-	341,257
Special event direct expenses	**-**	**-**	**104,546**	**104,546**	**104,546**	-	-	69,199	69,199	69,199
	2,838,903	**411,544**	**459,214**	**870,758**	**3,709,661**	2,910,306	464,332	541,782	1,006,114	3,916,420
Less cost of direct benefits to donors	**-**	**-**	**(104,546)**	**(104,546)**	**(104,546)**	-	-	(69,199)	(69,199)	(69,199)
	$ 2,838,903	**$ 411,544**	**$ 354,668**	**$ 766,212**	**$ 3,605,115**	$ 2,910,306	$ 464,332	$ 472,583	$ 936,915	$ 3,847,221
	78.7%	**11.4%**	**9.8%**	**21.3%**	**100.0%**	75.6%	12.1%	12.3%	24.4%	100.0%

See notes to financial statements.

THOMAS IRVINE DODGE NATURE CENTER

	2024	2023
Cash flows from operating activities:		
Change in net assets	**$ 2,083,030**	$ 999,651
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	**386,950**	341,257
Contributions restricted to endowment	**-**	(250)
Unrealized gains	**(2,475,818)**	(1,064,071)
Changes in operating assets and liabilities:		
Contributions receivable	**362,275**	347,788
Prepaid expenses and other assets	**5,230**	4,984
Accrued expenses	**124,723**	5,521
Deferred revenue	**(19,991)**	(8,230)
Net cash provided by operating activities	**466,399**	626,650
Cash flows from investing activities		
Purchase of:		
Property and equipment	**(1,091,522)**	(2,325,330)
Proceeds from sale of equipment	**-**	601
Net investment income reinvested	**(511,832)**	(560,880)
Sale of investments	**1,400,000**	1,972,788
Net cash used in investing activities	**(203,354)**	(912,821)
Cash flows provided by financing activities, contributions restricted to endowment	**-**	250
Net change in cash	**263,045**	(285,921)
Cash, beginning of year	**472,949**	758,870
Cash, end of year	**$ 735,994**	$ 472,949

See notes to financial statements.

1. Nature of business and significant accounting policies:

Organization:

Thomas Irvine Dodge Nature Center (the Organization) was founded in 1967 by Olivia Irvine Dodge. The Organization resides on 462 acres in West St Paul, Cottage Grove and Mendota Heights, Minnesota. The Organization is incorporated under the Minnesota Nonprofit Corporation Act. The mission of the Organization is to provide exceptional experiences in nature through environmental education.

Cash and cash equivalents:

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment or other long-term purposes of the Organization are excluded from this definition.

Contributions receivable:

Grants and unconditional contributions receivable expected to be collected within one year are recorded at net realizable value. Grants and unconditional contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. No allowance has been provided for, since management believes all grants and contributions receivable are expected to be collected.

Contributions:

Unconditional contributions are recorded when promised as support without or with donor restrictions, depending on the existence and/or nature of any restrictions. A conditional contribution is a promise to give that depends on the occurrence of a specified future and uncertain event. A conditional contribution is recorded as revenue and/or receivable when the conditions on which they depend are substantially met or explicitly waived by the donor, that is, when the conditional contribution becomes unconditional. The Organization received cost-reimbursable grants of $601,143 that were not recognized as revenue at August 31, 2024, because qualifying expenditures had not yet been incurred.

All contributions are considered to be available for without donor restrictions 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 support with donor restrictions that increases that net asset class. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Tuition Revenue:

Revenue from contracts with students for tuition is reported at the amount that reflects the consideration to which the preschool expects to be entitled in exchange for providing instruction. These amounts are due from parents and others and includes variable consideration.

1. Nature of business and significant accounting policies (continued):

Tuition Revenue (continued):

Revenue is recognized as performance obligations are satisfied, which is ratably over the year. Generally, the preschool bills students monthly.

Tuition payments received in advance are recorded as deferred income.

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Opening and closing balances for deferred revenue arising from prepaid tuition includes:

	2024	2023
Deferred revenue, beginning of year:	**$ 161,975**	$ 170,205
Revenue recognized included in deferred revenue at the beginning of year	**(161,975)**	(170,205)
Increases in deferred revenue due to cash received during the year	**141,984**	161,975
Deferred revenue, end of year	$ **141,984**	$ 161,975

Property and equipment:

Property and equipment additions over $5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended August 31, 2024 and 2023.

Investments:

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

1. Nature of business and significant accounting policies (continued):

Leases:

The Organization records its leases as right of use assets and lease liabilities in accordance with ASC 842, where the Organization's leases with terms of more than twelve months will be required to be recognized as assets and liabilities. Accordingly, the Organization did not record right-of-use (ROU) assets and lease liabilities. The Organization elected the short-term lease exemption for certain qualifying leases with lease terms of twelve months or less. Leases with initial terms of less than twelve months are recorded directly to occupancy expense on a straight-line basis over the term of the lease. Rent expense is recognized on a straight-line basis for operating leases over the lease term.

Basis of presentation or financial statements presentation:

Net assets and revenues, expenses, gains and losses are classified based on existence or absences of donor-imposed restrictions. Net assets and changes therein are classified into the following categories:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donated services and in-kind contributions:

Volunteers contribute significant amounts of time to the Organization's program services, administration and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Volunteers contributed approximately 5,192 and 6,148 hours of service during the years ended August 31, 2024 and 2023, respectively. Contributed goods and property are recorded at fair value at the date of donation. The Organization records donated professional services at the fair values of the services received.

Reclassifications:

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation. These changes had no effect on beginning or ending net assets.

Functional allocation of expenses:

The cost of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses are classified generally as follows: Salaries and benefits, insurance and information technology are classified based on estimates of time spent. Professional fees and marketing are classified based on a review of charges. Occupancy is classified based on estimated use of space. Depreciation and amortization expenses are classified based on use of assets. Other expenses are classified based on a combination of time spent and review of charges.

1. Nature of business and significant accounting policies (continued):

Advertising expenses:

Advertising costs are expensed as incurred, and were $10,750 and 10,416 during the years ended August 31, 2024 and 2023, respectively.

Income taxes:

The Organization is exempt, as a public charity, from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. However, income from certain activities not directly related to the Organization's tax-exempt purpose could result in taxable income.

The Organization has evaluated its tax positions for uncertainty and has no unrecognized tax matters that are required to be disclosed.

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 and those differences could be material.

Financial instruments and credit risk:

The Organization manages deposit concentration risk by placing cash, money market accounts and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Finance Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Finance Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Change in accounting principle:

In July 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The guidance creates a new "current expected credit loss" (CECL) model applicable to trade accounts receivable and allowance for credit losses. Under the CECL model, the allowance for expected credit losses reflects the entity's current estimate of the contractual cash flows not expected to be collected, based on its assessment of credit risk as of the reporting date.

Trade accounts receivable and allowance for credit losses:

For trade receivables, the allowance for credit losses is based on management's assessment of the collectability of specific customer accounts, the aging of the accounts receivable, historical experience, and other currently available evidence. If there is a deterioration of credit worthiness or actual defaults are higher than the historical experience, management's estimate of the recoverability of amounts due could be adversely affected. At August 31, 2024, the Organization had no current estimate of credit loss based on historical experience.

1. Nature of business and significant accounting policies (continued):

Subsequent events:

The Organization has evaluated subsequent events through December 4, 2024, the date that the financial statements were to be issued.

2. Liquidity:

The following represents the Organization's financial assets at August 31:

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	**$ 735,994**	$ 472,949
Contributions and accounts receivable, current	**533,662**	590,262
Investments	**733,625**	1,006,872
Financial assets available to meet general expenditures over the next twelve months	**$ 2,003,281**	$ 2,070,083

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditures.

The board-designated endowment and donor-restricted endowment available for general use is subject to an annual spending rate of 5% as described in Note 7. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditures as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of its liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Monthly financial statements containing budget versus actual results are reviewed.

3. Contributions receivable:

	2024	2023
Less than one year	**$ 533,662**	$ 590,262
One to five years	**249,795**	575,032
	783,457	1,165,294
Less present value discount	**26,556**	46,118
	$ 756,901	$ 1,119,176

4. Fair value measurements and disclosures:

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of the Organization's investment assets are classified within Level 1 because they are comprised of equities and mutual funds with readily determinable fair values.

The estimated fair value of alternative investments, that is, hedge funds, or other private investment fund structures, is based on the practical expedient of the net asset values provided by the respective external investment fund managers, adjusted for cash flows through August 31. Because of the inherent uncertainty of valuations, values measured using net asset values may differ from the values that would have been used had a ready market existed. Investments measured using net asset values are not assigned to a level in the fair value hierarchy.

4. Fair value measurements and disclosures (continued):

The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurrent basis as of August 31:

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and money market funds, at cost	**$ 346,842**	**$ -**	**$ -**	**$ 346,842**
Equities and mutual funds	**13,024,974**	**-**	**-**	**13,024,974**
Fixed income securities	**4,487,762**			**4,487,762**
	$ 17,859,578	**$ -**	**$ -**	**17,859,578**
Investments measured at net asset value, alternative investments, hedge funds				**3,392,710**
				$ 21,252,288

	2023			
	Level 1	Level 2	Level 3	Total
Cash and money market funds, at cost	$ 262,162	$ -	$ -	$ 262,162
Equities and mutual funds	11,514,532	-	-	11,514,532
Fixed income securities	4,342,249	-	-	4,342,249
	$ 16,118,943	$ -	$ -	16,118,943
Investments measured at net asset value, alternative investments, hedge funds				3,545,695
				$ 19,664,638

5. Net investment return:

Net investment return consists of the following for the years ended August 31, 2024 and 2023:

	2024	2023
Interest and dividends	**$ 560,944**	$ 560,880
Net realized and unrealized (losses) gain	**2,515,844**	1,123,170
Less investment management and custodial fees	**(89,137)**	(92,302)
Savings interest income	**20,391**	-
	$ 3,008,042	$ 1,591,748

6. Property and equipment:

Property and equipment consist of the following at August 31:

	2024	2023
Land	**$ 5,640,296**	$ 5,640,296
Land improvements	**1,653,761**	1,513,981
Buildings improvements	**8,629,819**	6,036,706
Equipment	**1,595,668**	1,442,642
Construction in progress	**437,444**	2,239,009
	17,956,988	16,872,634
Less accumulated depreciation	**5,765,520**	5,385,738
	$ 12,191,468	$ 11,486,896

7. Endowments:

The Organization's endowment consists of multiple individual funds established by donors to provide annual funding for specific activities and general operations. The endowment also includes net assets without donor restrictions designated for endowment by the Board of Directors. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At August 31, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Organization classifies as donor restricted net assets held in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment (including promises to give net of discount) and allowance for doubtful accounts and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The accumulated earnings on the donor-restricted endowment is classified as donor-restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

7. Endowments (continued):

As of August 31, 2024 and 2023, the Organization had the following endowment net asset composition by type of fund:

	2024			
	Without donor restrictions -designated	**With donor restrictions -accumulated**	**With donor restrictions -original gift**	**Total**
Donor-restricted endowment funds	**$ -**	**$ 4,539,899**	**$ 11,244,001**	**$ 15,783,900**
Board-designated endowment funds	**4,784,763**	**-**	**-**	**4,784,763**
	$ 4,784,763	**$ 4,539,899**	**$ 11,244,001**	**20,568,663**
Less contributions receivable restricted to endowment				**50,000**
Endowment investments				**$ 20,518,663**

	2023			
	Without donor restrictions -designated	With donor restrictions -accumulated	With donor restrictions -original gift	Total
Donor-restricted endowment funds	$ -	$ 3,009,377	$ 11,122,034	$ 14,131,411
Board-designated endowment funds	4,264,195	-	-	4,264,195
	$ 4,264,195	$ 3,009,377	$ 11,122,034	18,395,606
Less contributions receivable restricted to endowment				105,000
Endowment investments				$ 18,290,606

Investment and spending policies:

The Organization has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the endowment assets, to provide the necessary capital to fund the spending policy and to cover the costs of managing the endowment investment. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

7. Endowments (continued):

Investment and spending policies (continued):

A significant portion of the funds are invested to seek growth of principal over time. The Organization uses an endowment spending-rate formula to determine the maximum amount to spend from the endowment each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the endowment investments for the prior 12 quarters at August 31 of each year to determine the spending amount for the upcoming year. During 2024 and 2023, the spending rate maximum was 5%. In establishing this policy, the Organization considered the long-term expected return on the endowment, and the set rate with the objective of maintaining the purchasing power of the endowment over time.

Changes in endowment net assets for the years ended August 31, 2024 and 2023 are as follows:

	2024			
	Without donor restrictions -designated	With donor restrictions -accumulated	With donor restrictions -original gift	Total
Endowment net assets, beginning	$ 4,264,195	$ 3,009,377	$ 11,122,034	$ 18,395,606
Investment return:				
Investment income	116,644	348,391	45,451	510,486
Net realized and unrealized gain (loss), net of fees	618,222	1,798,739	76,516	2,493,477
	4,999,061	5,156,507	11,244,001	21,399,569
Distributions:				
Appropriation of endowment assets pursuant of spending rate policy	-	(616,608)	-	(616,608)
Undesignated board-designated quasi-endowment assets	(214,298)	-	-	(214,298)
	(214,298)	(616,608)	-	(830,906)
	$ 4,784,763	$ 4,539,899	$ 11,244,001	$ 20,568,663

7. Endowments (continued):

	2023			
	Without donor restrictions -designated	With donor restrictions -accumulated	With donor restrictions -original gift	Total
Endowment net assets, beginning	$ 4,120,238	$ 2,489,868	$ 11,116,493	$ 17,726,599
Investment return:				
Investment income	104,392	336,621	53,587	494,600
Net realized and unrealized gain (loss), net of fees	237,562	763,580	(48,296)	952,846
	4,462,192	3,590,069	11,121,784	19,174,045
Contributions, including receivables			250	250
Distributions:				
Appropriation of endowment assets pursuant of spending rate policy		(580,692)		(580,692)
Undesignated board-designated quasi-endowment assets	(197,997)			(197,997)
	(197,997)	(580,692)	-	(778,689)
	$ 4,264,195	$ 3,009,377	$ 11,122,034	$ 18,395,606

8. Net assets, with donor restrictions:

Net assets with donor restrictions at August 31, 2024 and 2023 consist of:

	2024	2023
Restricted by donors for:		
Property improvements	**$ 30,666**	$ 36,194
Nature and environmental education activities	**150,892**	269,945
Scholarships	**4,067**	17,773
General operating for future periods	**55,571**	5,571
Capital improvements	**99,494**	-
Time restricted	**370,532**	837,242
	711,222	1,166,725
Restricted by donors to be invested in perpetuity and the accumulated earnings on those gifts:		
General operating	**4,204,673**	3,725,424
Farm endowment	**1,834,987**	1,624,312
Peterson Naturalist position	**1,380,942**	1,337,227
Pre-School scholarship endowment	**985,599**	842,315
Driscoll maintenance fund	**261,647**	259,175
Volunteer	**1,475,555**	1,312,924
Ford preschool	**5,640,497**	5,030,034
	15,783,900	14,131,411
Restricted land, West St. Paul	**4,299,802**	4,299,802
	20,083,702	18,431,213
Total net assets with donor restrictions	**$ 20,794,924**	$ 19,597,938

8. Net assets, with donor restrictions (continued):

Net assets were released from restrictions as follows during the years ended August 31, 2024 and 2023:

	2024	2023
Satisfaction of time and purpose restrictions:		
Property improvements	**$ 5,530**	$ 2,060,954
Nature and environmental education	**405,843**	34,534
Scholarships	**13,706**	4,772
General operating	**-**	1,091
Shepard Farms	**-**	15,415
Time	**475,000**	505,983
	$ 900,079	$ 2,622,749
Restricted-purpose spending-rate distributions and appropriations:		
General operating	**$ 155,562**	$ 148,044
Farm endowment	**66,930**	70,428
Peterson Naturalist	**78,252**	71,358
Capital campaign	**249,240**	233,532
Volunteer	**66,624**	57,330
	$ 616,608	$ 580,692

9. Donated professional services and materials:

The Organization records donated services and materials at market cost. In-kind donations include supplies, capital assets and skilled professional services used in the pre-school and programming, and donated items and professional services used in special events. The Organization received donated professional services and materials as follows during the years ended August 31, 2024 and 2023:

	2024	2023
Event expense	**$ 19,583**	$ 10,726
Supplies	**12,737**	4,150
Services	**-**	200
Capital assets	**-**	61,780
	$ 32,320	$ 76,856

10. Employee benefits:

The Organization has a 403(b) defined contribution retirement plan covering all regular employees. The contributions to the plan are discretionary based upon Board approval each year. The Organization contributed up to 5% of an employee's compensation during the years ending August 31, 2024 and 2023. Expense charged to operations for the years ended August 31, 2024 and 2023 amounted to $84,699 and $82,550, respectively.