

NATURE DISCOVERY CENTER, INC.
FINANCIAL STATEMENTS
AND ACCOUNTANT'S COMPILATION REPORT
YEAR ENDED SEPTEMBER 30, 2010

Durio & Company, P.C.
Certified Public Accountants

NATURE DISCOVERY CENTER, INC.

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ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying statement of financial position of Nature Discovery Center, Inc. at September 30, 2010, and the related statements of activities, cash flows, and expenses for the year then ended, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Durio & Company, P.C.

May 31, 2011



NATURE DISCOVERY CENTER, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2010

ASSETS

ASSETS

Cash and cash equivalents	\$ 25,845
Investments	583,691
Computers, office equipment & furniture (Net of depreciation of \$1,153)	<u>950</u>
Total Assets	<u>\$ 610,486</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Payroll taxes payable	\$ 7,560
Sales tax payable	<u>11</u>
Total Liabilities	<u>7,571</u>

NET ASSETS

Unrestricted:	
- Undesignated	19,224
- Designated as a reserve fund	<u>583,691</u>
Total Net Assets	<u>602,915</u>
Total Liabilities and Net Assets	<u>\$ 610,486</u>

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

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

Year ended September 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Contributions and grants	\$ 82,872	\$ 89,200	\$ 172,072
Special events (Net of costs of \$53,392)	56,981		56,981
Program service income	56,246		56,246
Membership dues & assessments	14,925		14,925
Merchandise sales	1,004		1,004
Investment earnings (Net of management fees of \$4,724)	46,970	-	46,970
Total Revenues & Support	<u>258,998</u>	<u>89,200</u>	<u>348,198</u>
EXPENSES			
Program Services	<u>299,694</u>	<u>-</u>	<u>299,694</u>
Supporting Services:			
Management and general	69,518		69,518
Fund raising	<u>26,442</u>	<u>-</u>	<u>26,442</u>
	<u>95,960</u>	<u>-</u>	<u>95,960</u>
Total Expenses	<u>395,654</u>	<u>-</u>	<u>395,654</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of restrictions	<u>89,200</u>	<u>(89,200)</u>	<u>-</u>
CHANGE IN NET ASSETS	(47,456)	-	(47,456)
NET ASSETS - SEPTEMBER 30, 2009	<u>650,371</u>	<u>-</u>	<u>650,371</u>
NET ASSETS - SEPTEMBER 30, 2010	<u>\$ 602,915</u>	<u>\$ -</u>	<u>\$ 602,915</u>

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NATURE DISCOVERY CENTER, INC.
STATEMENT OF CASH FLOWS
Year ended September 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (47,456)
Adjustments:	
Net investment earnings	(46,969)
Net increase in payroll taxes payable	3,788
Net increase in sales tax payable	<u>3</u>
Net Cash Provided by/(Used in) Operating Activities	<u>(90,634)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Transfers to operating fund from reserve fund	<u>70,000</u>
Net Cash Provided by Investing Activities	<u>70,000</u>

NET INCREASE/(DECREASE) IN CASH	(20,634)
CASH - BEGINNING OF YEAR	<u>46,479</u>
CASH - END OF YEAR	<u>\$ 25,845</u>

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NATURE DISCOVERY CENTER, INC.

SCHEDULE OF EXPENSES

Year ended September 30, 2010

PROGRAM SERVICES

Salaries & wages	\$ 214,839
Staff benefits	25,916
Payroll taxes	16,235
Nature program expenses	10,935
Maintenance of grounds, animals & house	8,926
Public awareness	22,389
Volunteer recognition & support	<u>454</u>

Total Program Services 299,694

SUPPORTING SERVICES

Management and General:

Salaries & wages	34,153
Staff benefits	4,113
Payroll taxes	2,576
Accounting professional fees	1,788
Credit card processing & bank fees	5,358
Technology expenses	4,790
Insurance	8,036
Postage	1,919
Printing & office supplies	4,333
Telephone	<u>2,452</u>

69,518

Fund Raising:

Salaries & wages	21,737
Staff benefits	2,611
Payroll taxes	1,636
Fundraising expenses	<u>458</u>

26,442

Total Supporting Services 95,960

TOTAL EXPENSES

\$ 395,654

See the accompanying Notes to Financial Statements
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NATURE DISCOVERY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

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.

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.

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.

NATURE DISCOVERY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2010

NOTE 2: NET ASSETS

Unrestricted Net Assets

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 at September 30, 2010, amounted to \$583,691. Since designated net assets are unrestricted by outside parties, the amounts can be modified at the discretion of the Board.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of funds that are restricted by donors for specific uses within the organization. At September 30, 2010, all temporarily restricted donations had been expended for the stated purposes.

NOTE 3: AGREEMENT WITH CITY OF BELLAIRE, TEXAS

Nature Discovery Center, Inc. is a party to a lease agreement with the City of Bellaire, Texas, whereby the organization leases a building known as "Henshaw House" located in Russ Pitman Park, for the sum of \$1 per year. The house serves as the offices of Nature Discovery Center, Inc., as well as classroom and meeting room facilities for various nature programs and events.

The annual lease agreement began January 1, 1972, and has been renewed each year thereafter under the same terms and conditions. Cancellation of the agreement is discretionary by either party, with 31 days notice before the end of the calendar-year term.

The organization is responsible for management of the Henshaw House, including janitorial services. The City of Bellaire pays up to \$4,200 per year for gas and electric service for the house, and also provides water and sewer service to the house at no charge.

Nature Discovery Center, Inc. provides ordinary maintenance on the Henshaw House. The City of Bellaire provides as part of the City's budget a line item for major repairs and maintenance of the house, in the amount of \$2,000 per year. In the event the annual \$2,000 budget allocation is not fully expended within a budget year, any unexpended portion is carried forward to succeeding years.

**NATURE DISCOVERY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2010**

NOTE 3: AGREEMENT WITH THE CITY OF BELLAIRE, TEXAS (CONTINUED)

All rental revenue collected by Nature Discovery Center, Inc. for use of the Henshaw House up to \$5,000 per annum is income of the organization. Any rental revenues in excess of \$5,000 per annum is shared 70% to Nature Discovery Center, Inc., and 30% to City of Bellaire, Texas.

NOTE 4: 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 350 volunteers assisted in the operation of Nature Discovery Center, Inc. during the year ended September 30, 2010, contributing 3,800 hours of time 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 plan the two major fund raising events: the annual Bellaire Home Tour, and the Twilight Gala. They also run games and children's activities at community gatherings, including Pumpkin Patch and Spring Fling. Teen volunteers play an especially important role in the summer, serving as guides and camp counselors during summer break.