

**Second Nature, Inc.**

Financial Statements  
And  
Independent Auditors' Report

June 30, 2025



**DANIEL DENNIS & Co**  
Certified Public Accountants

*Independent Auditors' Report*

To the Board of Directors of  
**Second Nature, Inc.**

**Opinion**

We have audited the accompanying financial statements of Second Nature, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 Second Nature, Inc. as of June 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Second Nature, Inc. 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 Second Nature, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Second Nature, Inc.'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 Second Nature, Inc.'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.

### **Report on Summarized Comparative Information**

We have previously audited Second Nature, Inc.'s fiscal year 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Daniel Dennis & Company LLP*

*February 9, 2026*

**Second Nature, Inc.**  
Statement of Financial Position  
June 30, 2025 With Comparative Totals as of June 30, 2024

	2025	2024
<i>Assets</i>		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 2,051,172	\$ 2,041,372
Accounts receivable	7,183	2,325
Promises to give	50,000	25,000
Prepaid expenses	<u>8,798</u>	<u>12,919</u>
Total assets	<u>\$ 2,117,153</u>	<u>\$ 2,081,616</u>
<i>Liabilities and Net Assets</i>		
<i>Current Liabilities:</i>		
Accounts payable	\$ 24,827	\$ 39,187
Accrued expenses	163,628	130,501
Deferred revenue	<u>5,833</u>	<u>-</u>
Total liabilities	<u>194,288</u>	<u>169,688</u>
<i>Net Assets:</i>		
Without donor restrictions	1,329,234	1,575,003
With donor restrictions	<u>593,631</u>	<u>336,925</u>
Total net assets	<u>1,922,865</u>	<u>1,911,928</u>
Total liabilities and net assets	<u>\$ 2,117,153</u>	<u>\$ 2,081,616</u>

*See accompanying notes to the financial statements*

**Second Nature, Inc.**  
**Statement of Activities**  
For the Year Ended June 30, 2025  
With Comparative Totals for the Year Ended June 30, 2024

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>2025 Total</i>	<i>2024 Total</i>
<i>Revenues and Support:</i>				
Member dues	\$ 888,546	\$ -	\$ 888,546	\$ 936,740
Grants and contributions	527,854	635,950	1,163,804	669,355
Conference revenue	303,653	-	303,653	359,239
Miscellaneous revenue	910	-	910	27,529
Interest income	74,763	-	74,763	91,264
Net assets released from restrictions	<u>379,244</u>	<u>(379,244)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,174,970</u>	<u>256,706</u>	<u>2,431,676</u>	<u>2,084,127</u>
<i>Expenses:</i>				
Program services	2,153,996	-	2,153,996	2,172,386
General and administrative	189,215	-	189,215	263,966
Fundraising	<u>77,528</u>	<u>-</u>	<u>77,528</u>	<u>70,737</u>
Total expenses	<u>2,420,739</u>	<u>-</u>	<u>2,420,739</u>	<u>2,507,089</u>
Change in net assets	<u>(245,769)</u>	<u>256,706</u>	<u>10,937</u>	<u>(422,962)</u>
Net assets, beginning of year	<u>1,575,003</u>	<u>336,925</u>	<u>1,911,928</u>	<u>2,334,890</u>
Net assets, end of year	<u>\$ 1,329,234</u>	<u>\$ 593,631</u>	<u>\$ 1,922,865</u>	<u>\$ 1,911,928</u>

*See accompanying notes to the financial statements.*

**Second Nature, Inc.**  
Schedule of Functional Expenses  
For the Year Ended June 30, 2025  
With Comparative Totals for the Year Ended June 30, 2024

	<i>Program Services</i>	<i>General and Administrative</i>	<i>Fundraising</i>	<i>2025 Total</i>	<i>2024 Total</i>
Salaries	\$ 1,237,418	\$ 83,413	\$ 61,679	\$ 1,382,510	\$ 1,353,096
Payroll taxes and fringe	<u>264,643</u>	<u>17,839</u>	<u>13,191</u>	<u>295,673</u>	<u>260,668</u>
Total salary and related expenses	<u>1,502,061</u>	<u>101,252</u>	<u>74,870</u>	<u>1,678,183</u>	<u>1,613,764</u>
Professional fees	170,033	72,342	-	242,375	392,315
Conference	366,371	-	-	366,371	353,248
Office costs	64,002	15,293	2,416	81,711	71,994
Travel, lodging and meals	46,672	-	-	46,672	69,612
Insurance	2,801	189	140	3,130	2,382
Utilities	<u>2,056</u>	<u>139</u>	<u>102</u>	<u>2,297</u>	<u>3,774</u>
Total	<u>\$ 2,153,996</u>	<u>\$ 189,215</u>	<u>\$ 77,528</u>	<u>\$ 2,420,739</u>	<u>\$ 2,507,089</u>

*See accompanying notes to the financial statements.*

**Second Nature, Inc.**  
Statement of Cash Flows  
For the Year Ended June 30, 2025  
With Comparative Totals for the Year Ended June 30, 2024

	2025	2024
<i>Operating Activities</i>		
Change in net assets	\$ 10,937	\$ (422,962)
Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities:		
Change in operating assets and liabilities:		
Accounts receivable	(4,858)	17,836
Grant receivable	(25,000)	224,788
Prepaid expenses	4,121	(6,720)
Accounts payable	(14,360)	(3,062)
Accrued expenses	33,127	(18,826)
Deferred revenue	<u>5,833</u>	<u>(14,956)</u>
Net cash provided by/(used in) operating activities	<u>9,800</u>	<u>(223,902)</u>
<i>Investing Activities</i>		
Sale of other investments	<u>-</u>	<u>798,837</u>
Net cash provided by investing activities	<u>-</u>	<u>798,837</u>
Net change in cash and cash equivalents	9,800	574,935
Cash and cash equivalents - beginning of year	<u>2,041,372</u>	<u>1,466,437</u>
Cash and cash equivalents - end of year	<u>\$ 2,051,172</u>	<u>\$ 2,041,372</u>

*See accompanying notes to the financial statements.*

**Second Nature, Inc.**  
Notes to Financial Statements  
June 30, 2025

**1. Organization**

Second Nature, Inc. (the Organization) was incorporated on April 30, 1993, as a nonprofit organization. The Organization is committed to accelerating climate action in, and through, higher education. The Organization does this by mobilizing a diverse array of higher education institutions to act on bold climate commitments, to scale campus climate initiatives, and to create innovative climate solutions. The Organization aligns, amplifies, and bridges the sector's efforts with other global leaders to advance urgent climate priorities.

The following programs are listed in order of relative importance based upon total program expenditures:

*Presidents' Climate Leadership Commitments* - The Organization believes colleges and universities must exercise leadership in their communities and throughout society by providing the knowledge, research, practice, and informed graduates to create a positive and sustainable future. The Presidents' Climate Leadership Commitments have been catalysts for actions on hundreds of campuses and in many communities across the nation. The Climate Leadership Network is made up of the over 400 Commitment signatories and is facilitated by the Organization. Higher Education presidents and chancellors can join the Climate Leadership Network by signing either the Carbon or the Resilience Commitment, or the integrated Climate Commitment as follows:

*Carbon:* The Carbon Commitment is focused on reducing Greenhouse Gas emissions and achieving carbon neutrality as soon as possible.

*Resilience:* The Resilience Commitment is focused on climate adaptation and community capacity-building to deal with a changing climate and resulting extremes.

*Climate:* The Climate Commitment integrates carbon neutrality with climate resilience and provides a systems approach to mitigating and adapting to a changing climate.

*University Climate Change Coalition (UC3 Program)* - The UC3 Program is a coalition of leading North American research universities that will prototype a collaborative model designed to help local communities achieve their climate goals and accelerate the transition to a low-carbon future.

The distinguished universities from the United States, Canada and Mexico that make up UC3 have committed to mobilize their resources and expertise to accelerate local and regional climate action in partnership with businesses, cities and states, foundations and other organizations.

**Second Nature, Inc.**  
Notes to Financial Statements – *Continued*  
June 30, 2025

**1. *Organization - Continued***

*Carbon Credit and Purchasing Program (C2P2 Program)* - The C2P2 Program is an initiative to support colleges and universities in developing and marketing carbon offsets as a way to accelerate their progress towards campus carbon neutrality. Eligible schools can develop carbon credits on their campuses through energy conservation, energy efficiency, renewable energy, and LEED certified buildings. Proceeds from carbon sales are invested into sustainability projects on campus, allowing schools to achieve greater emissions reductions and pushing communities to develop clean, efficient energy systems. The Carbon Credit and Purchasing Program develops credits to the Verified Carbon Standard (VCS) through a methodology designed specifically for campus-based projects. As the manager of C2P2, the Organization provides technical and logistical support to schools participating in the program.

**2. *Summary of Significant Accounting Policies***

*Accounting Method*

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

*Cash and Cash Equivalents*

For the purpose of these financial statements, the Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At June 30, 2025, the Organization held \$608 in cash equivalents.

The Organization's cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2025.

*Net Asset Classification*

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets.

**Second Nature, Inc.**  
Notes to Financial Statements – *Continued*  
June 30, 2025

**2. *Summary of Significant Accounting Policies - Continued***

*Net Asset Classification - Continued*

The classes of net assets applicable to the Organization are presented as follows:

*Net Assets Without Donor Restrictions*

Net assets that are not subject to donor imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

*Net Assets With Donor Restrictions*

Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, 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.

Net assets with donor restrictions also includes the original amount of gifts and investment earnings required by the donor to be permanently retained. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

*Revenue Recognition*

The Organization earns revenue as follows:

When applicable, the Organization evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

The Organization generally measures revenue based on the amounts of consideration it expects to be entitled to for the transfers of goods and services to a customer, then recognizes its revenue as performance obligations are satisfied under a contract, except in transactions where U.S. GAAP provides other applicable guidance.

*Membership Dues* - Membership dues are recognized as revenue upon receipt as such dues are considered a contribution to the Organization. Benefits to members in exchange for dues are de minimus.

**Second Nature, Inc.**  
Notes to Financial Statements – *Continued*  
June 30, 2025

**2. *Summary of Significant Accounting Policies - Continued***

*Revenue Recognition – Continued*

*Conference Revenue* - Conference revenue is primarily derived from contributions collected and fees charged for the annual Climate Leadership Summit. Conference revenue is recognized when the performance obligation has been met.

*Grants* - Grant arrangements are evaluated and determined whether they are nonreciprocal, meaning the granting entity has not received a direct benefit of commensurate value in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution, when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and other significant conditions of the grant have been met.

For grant arrangements that are reciprocal, revenue is recognized as services are provided, which is generally as allowable expenditures are incurred.

*Contributions* - Contributions, including unconditional promises from donors, are nonreciprocal, unconditional transfers of assets and are initially recognized at fair value. Contributions received without donor-imposed restrictions are reported as increases in net assets without donor restrictions. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro rata over the period covered by the grant or contribution as time restrictions lapse. Contributions with donor restrictions are reported as grants and contributions with donor restrictions.

Deferred revenue represents conference revenue received prior to year-end. These amounts are deferred and recognized when the conferences occur.

Substantially all of the Organization's revenue is derived from its activities in the United States of America. During the year ended June 30, 2025, the Organization derived approximately 36% of its total revenue from membership dues, 48% from grants and contributions, 13% from events, and 3% from other sources. All revenue is recorded at the estimated net realizable amounts.

*Promises to Give*

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. A promise to give is conditional if it has one or more barriers that must be overcome before the Organization is entitled to the promised assets and a right of return to the donor, or release from the donor's obligation to transfer the promised assets.

**Second Nature, Inc.**  
Notes to Financial Statements – *Continued*  
June 30, 2025

**2. *Summary of Significant Accounting Policies - Continued***

*Promises to Give – Continued*

Unconditional promises to give that are expected to be collected within one year are recorded at the net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collection trends that differ from scheduled collections on individual promises. As of June 30, 2025, management has determined any allowance would be immaterial.

*Accounts Receivable and Allowance for Credit Losses*

The Organization has tracked historical loss information for accounts receivable and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, and more than 90 days past due). The Organization believes that the historical loss information compiled is a reasonable base on which to determine expected credit losses for accounts receivable held at June 30, 2025, because the composition of the accounts receivable at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time).

Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at June 30, 2025 was zero.

*Functional Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Payroll and associated costs are allocated to functions based upon time charges.

**Second Nature, Inc.**  
Notes to Financial Statements – *Continued*  
June 30, 2025

**2. *Summary of Significant Accounting Policies - Continued***

*Fixed Assets*

Fixed assets are recorded at cost or if donated, fair value on the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

*Use of Estimates*

The preparation of financial statements in conformity with GAAP 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

*Income Taxes*

The Organization is exempt from income taxes as a non-profit corporation under Section 501(c)(3) of the U.S. Internal Revenue Code and is also exempt from state income taxes, except for income taxes on unrelated business income, if any. For the year ended June 30, 2025, the Organization had no unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these financial statements.

The Organization evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. At June 30, 2025, the Organization believes that it has no uncertain tax positions within any of its open tax returns (2022-2024).

*Summarized Comparative*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

**Second Nature, Inc.**  
Notes to Financial Statements – *Continued*  
June 30, 2025

**2. Summary of Significant Accounting Policies - Continued**

*Leases*

The Organization determines if an arrangement is or contains a lease at inception. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassess its determination if the terms and conditions of the contract are changed. Leases with terms, including renewal options, of twelve months or less are treated as short term leases.

**3. Promises to Give**

Promises to give consisted of the following at June 30, 2025:

<i>Description</i>	<i>Amount</i>
In one year or less	<u>\$ 50,000</u>

At June 30, 2025 100% of total promises to give were from one donor.

**4. Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. The following is a summary of the activity for the year ended June 30, 2025:

Purpose Restriction:	<i>Campaign for Environmental Literacy</i>	<i>Policy</i>	<i>Climate Leadership</i>	<i>Employee Compensation</i>	<i>Sustainable Cities</i>
Beginning balance	\$ 3,449	\$ -	\$ 191,250	\$ 35,462	\$ 106,764
Additions	5,000	243,750	375,200	12,000	-
Releases	<u>(8,449)</u>	<u>(24,375)</u>	<u>(209,074)</u>	<u>(40,689)</u>	<u>(96,657)</u>
Ending balance	<u>\$ -</u>	<u>\$ 219,375</u>	<u>\$ 357,376</u>	<u>\$ 6,773</u>	<u>\$ 10,107</u>

**5. Employee Benefits**

The Organization offers 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 \$32,971 for the year then ended June 30, 2025.

**Second Nature, Inc.**  
Notes to Financial Statements – *Continued*  
June 30, 2025

**6. *Related Party Transactions***

During the year ended June 30, 2025, the Organization received \$385,950 in contributions from board members.

**7. *Liquidity and Availability***

The following reflects the Organization’s financial assets at June 30, 2025:

Financial assets at year end:	
Cash and cash equivalents	\$ 2,051,172
Accounts and grants receivable	<u>57,183</u>
Total financial assets	<u>2,108,355</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(593,631)</u>
Total amounts not available to be used within one year	<u>(593,631)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,514,724</u>

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**8. *Subsequent Events***

The Organization has evaluated subsequent events through February 9, 2026, which is the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2025, that require recognition or disclosure in these financial statements.