



FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021



Independent Auditors' Report

The Board of Directors
Audubon Naturalist Society of the
Central Atlantic States, Inc.
Chevy Chase, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Audubon Naturalist Society of the Central Atlantic States, Inc., (the Society) which comprise the statement of financial position as of August 31, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Society's preparation and fair presentation of the financial statements 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 Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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The Board of Directors
Audubon Naturalist Society of the
Central Atlantic States, Inc.
Chevy Chase, Maryland

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Audubon Naturalist Society of the Central Atlantic States, Inc., as of August 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Society's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Bethesda, Maryland
February 23, 2022

Certified Public Accountants

Audubon Naturalist Society of the Central Atlantic States, Inc.

Statement of Financial Position
August 31, 2021
With Comparative Totals As of August 31, 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and Cash Equivalents	\$ 2,918,511	\$ 2,669,239
Accounts Receivable	39,192	107,131
Promises to Give (Pledges)	1,205,115	2,185,245
Inventory	293,322	320,261
Prepaid Expenses	27,957	30,054
Investments	7,408,925	6,343,696
Property and Equipment, Net	2,966,074	2,599,637
Total Assets	\$ 14,859,096	\$ 14,255,263
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 992,349	\$ 310,731
Deferred Revenues	750,346	566,328
Forgivable Loan - PPP	410,827	566,182
Note Payable	320	-
Total Liabilities	2,153,842	1,443,241
Net Assets		
Without Donor Restrictions		
Undesignated	2,482,297	1,357,023
Property and Equipment	2,966,074	2,599,637
Board Designated	903,318	983,733
Total Without Donor Restrictions	6,351,689	4,940,393
With Donor Restrictions		
Purpose - Nature For All	812,781	2,530,207
Purpose - Other	4,421,060	4,221,698
Perpetual	1,119,724	1,119,724
Total With Donor Restrictions	6,353,565	7,871,629
Total Net Assets	12,705,254	12,812,022
Total Liabilities and Net Assets	\$ 14,859,096	\$ 14,255,263

See accompanying Notes to Financial Statements.

Audubon Naturalist Society of the Central Atlantic States, Inc.

**Statement of Activities
For The Year Ending August 31, 2021
With Comparative Totals For the Year Ended August 31, 2020**

	2021				2020	
	Without Donor Restrictions	With Donor Restrictions			Total	
		Nature For All	Other	Perpetual	Total	Total
Support and Revenues						
Membership Dues	\$ 155,135	\$ -	\$ -	\$ -	\$ 155,135	\$ 154,974
Contributions and Grants	1,793,062	2,848	881,623	-	2,677,533	2,476,968
Forgivable Loan - PPP	566,182	-	-	-	566,182	-
Tuition, Tours, and Field Trips	983,758	-	-	-	983,758	839,969
Sanctuary Shop (Net of Cost of Sales of \$241,803)	142,895	-	-	-	142,895	140,449
Rent	309,701	-	-	-	309,701	280,813
Advertising and Other Revenue	5,632	-	-	-	5,632	1,733
Dividends, Interest, Realized Gains (Losses)						
Less: Investment Advisory Fees	310,041	-	309,579	-	619,620	147,029
Net Assets Released from Restrictions	2,844,155	(1,720,274)	(1,123,881)	-	-	-
Total Support and Revenues	7,110,561	(1,717,426)	67,321	-	5,460,456	4,041,935
Expenses						
Program Services						
Sanctuaries	1,995,068	-	-	-	1,995,068	834,692
Sanctuary Projects	1,256,246	-	-	-	1,256,246	336,092
Membership Services	528,983	-	-	-	528,983	567,390
Environmental Education	1,084,521	-	-	-	1,084,521	1,457,905
Conservation Programs	535,994	-	-	-	535,994	527,169
Total Program Services	5,400,812	-	-	-	5,400,812	3,723,248
Supporting Services						
Fundraising	365,892	-	-	-	365,892	342,892
General and Administrative	228,861	-	-	-	228,861	202,503
Total Supporting Services	594,753	-	-	-	594,753	545,395
Total Expenses	5,995,565	-	-	-	5,995,565	4,268,643
Increase (Decrease) in Net Assets from Operations	1,114,996	(1,717,426)	67,321	-	(535,109)	(226,708)
Net Unrealized Gains (Losses) on Investments	296,300	-	132,041	-	428,341	395,999
Changes in Net Assets	1,411,296	(1,717,426)	199,362	-	(106,768)	169,291
Net Assets, Beginning of Period	4,940,393	2,530,207	4,221,698	1,119,724	12,812,022	12,642,731
Net Assets, End of Period	\$ 6,351,689	\$ 812,781	\$ 4,421,060	\$ 1,119,724	\$ 12,705,254	\$ 12,812,022

See accompanying Notes to Financial Statements.

Audubon Naturalist Society of the Central Atlantic States, Inc.

**Statement of Functional Expenses
For The Year Ended August 31, 2021
With Comparative Totals For the Year Ended August 31, 2020**

	2021								2020
	Sanctuaries	Sanctuary Projects	Membership Services	Environmental Education	Conservation Programs	Fundraising	General and Administrative	Total	Total
Salaries and Related Expenses	\$ 444,235	\$ 176,300	\$ 432,060	\$ 834,740	\$ 401,057	\$ 318,063	\$ 120,335	\$ 2,726,790	\$ 2,941,349
Professional / Contractual Services	1,346,750	1,015,343	47,159	77,062	63,765	14,667	73,874	2,638,620	588,091
Occupancy and Depreciation	55,266	10,602	29,322	84,450	22,275	15,249	(2,675)	214,489	241,785
Equipment Rental & Repairs	38,421	9,224	4,281	8,686	2,555	1,246	6,687	71,100	44,693
Sanctuary Maintenance	46,724	14,083	-	-	-	-	-	60,807	73,407
Travel	671	110	-	3,835	1,212	5	71	5,904	17,313
Nature Travel	-	-	-	-	-	-	-	-	40,798
Supplies	5,135	5,151	387	32,946	2,443	562	3,803	50,427	56,767
Dues, Subscriptions, & Fees	20,604	23,225	4,418	5,309	4,100	1,501	14,684	73,841	49,079
Printing and Publications	1,844	1,273	2,563	603	225	4,653	126	11,287	22,050
Postage and Shipping	1,780	21	6,093	16	-	2,415	3,022	13,347	14,451
Advertising	9,927	-	178	685	944	1,953	1,755	15,442	21,625
Scholarships and Contributions	2,766	100	83	288	34,716	514	183	38,650	33,084
Bank Fees	18,419	384	2,279	35,828	1,018	4,319	7,222	69,469	67,648
Meetings and Catering	161	247	160	823	1,684	745	163	3,983	9,255
Other	2,365	183	-	(750)	-	-	(389)	1,409	47,248
Total	\$ 1,995,068	\$ 1,256,246	\$ 528,983	\$ 1,084,521	\$ 535,994	\$ 365,892	\$ 228,861	\$ 5,995,565	\$ 4,268,643

See accompanying Notes to Financial Statements.

Audubon Naturalist Society of the Central Atlantic States, Inc.

Statement of Cash Flows

For the Year Ended August 31, 2021

With Comparative Totals For the Year Ended August 31, 2020

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	\$ (106,768)	\$ 169,291
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used in (Provided by) Operating Activities		
Depreciation	124,146	150,999
Net (Gains) Losses on Investments	(937,452)	(396,590)
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	67,939	(78,176)
Promises to Give	980,130	(8,991)
Inventory	26,939	(5,848)
Prepaid Expenses	2,097	(3,690)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	681,938	11,114
Deferred Revenues	184,018	27,618
Forgivable Loan - PPP	(155,355)	-
Net Cash Provided by (Used in) Operating Activities	867,632	(134,273)
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(490,583)	(31,497)
Purchases of Investments	(2,783,661)	(2,924,832)
Sales and Maturities of Investments	2,655,884	3,021,294
Net Cash Provided by (Used in) Investing Activities	(618,360)	64,965
Cash Flows from Financing Activities		
Principal Payments on Note Payable	-	(109,402)
Proceeds from Forgivable Loan - PPP	-	566,182
Net Cash Provided by (Used in) Financing Activities	-	456,780
Net Increase (Decrease) in Cash and Cash Equivalents	249,272	387,472
Cash and Cash Equivalents, Beginning of Period	2,669,239	2,281,767
Cash and Cash Equivalents, End of Period	\$ 2,918,511	\$ 2,669,239
Supplementary Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ 5,423	\$ 5,083

See accompanying Notes to Financial Statements.

Audubon Naturalist Society of the Central Atlantic States, Inc.

Notes to Financial Statements August 31, 2021

1. ORGANIZATION AND PURPOSE

Audubon Naturalist Society of the Central Atlantic States, Inc., (the Society) is a not-for-profit environmental, educational and conservation organization serving residents of the Washington, D.C., Metropolitan region. Founded in 1897, the Society seeks to inspire residents of the region to appreciate, understand and protect the natural environment through outdoor experiences, education and advocacy by creating a larger and more diverse community of people who treasure the natural world and work to preserve it. The Society's activities include environmental education, conservation advocacy, events, general operations and a Naturalist shop located at headquarters at Woodend Nature Sanctuary (Chevy Chase, Maryland). The Rust (Leesburg, Virginia) Nature Sanctuary supports the Society's environmental, educational and conservation programs. During 2018, the Society launched Nature For All which is the Woodend Nature Sanctuary restoration project.

The COVID-19 pandemic has caused significant and ongoing disruptions to the Society's operations. The Society limited attendance at in-person programs, switched some programs to all virtual or hybrid virtual and in-person formats, and canceled other programs outright. Key net revenue producers including summer camp and the Woodend rental program were negatively impacted by state and local safety restrictions and customer hesitation and produced reduced net revenue over non-Covid operating years. The Society received funds from the Small Business Administration's Paycheck Protection Program and Economic Injury Disaster Loan program

The Society is closely monitoring its operations, liquidity and investment portfolio and is actively working to minimize the impact of the COVID-19 pandemic.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of the Society have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Society to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Society. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Society or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Audubon Naturalist Society of the Central Atlantic States, Inc.

Notes to Financial Statements August 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year ended August 31, 2021. Actual results could differ from those estimates.

Cash Equivalents

The Society considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are reported at their unpaid balances, reduced by an allowance for doubtful accounts, if necessary.

Management periodically evaluates the adequacy of the allowance for doubtful accounts by considering the Society's past receivables loss experience, known and inherent risks in the accounts receivable population, adverse situations that may affect the client's ability to pay, and current economic conditions. The allowance for doubtful accounts is increased by charges to bad debts expense and decreased by charge offs of the accounts receivable balances. Accounts receivable are considered past due based on management's determination. Accounts receivable are charged off based on management's case-by-case determination that they are uncollectible.

Promises to Give

Unconditional promises to give are recognized as support in the period received. Promises to give made to the Society for future contributions expected to be fully collectible are recorded as a receivable and as support at the present value of such future payments. Conditional promises to give are recognized as support when the conditions on which they depend are substantially met.

Inventory

Inventory is stated at the lower of cost or market value and consists primarily of nature related books and field guides, bird feeders, nature related gifts, optics, cards, garments and birdseed. Cost is determined using the average cost of similar inventory items.

Audubon Naturalist Society of the Central Atlantic States, Inc.

Notes to Financial Statements August 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Society carries equity and debt securities at fair market value. Any changes in value are recognized in the statements of activities and changes in net assets.

Property and Equipment

Property and equipment in excess of \$2,500 are recorded at cost. Buildings, building improvements, furniture and equipment are depreciated under the straight-line method over their estimated economic useful lives. Buildings are depreciated over useful lives of 40 years and building improvements, furniture and equipment are depreciated over 3 to 15 years.

The Society has a 40-year lease agreement with the Northern Virginia Regional Park Authority (NVRPA) for operating the Rust Sanctuary. NVRPA is responsible for maintaining the buildings and grounds, managing the rental program and most of the operating costs. The Society owns the sanctuary and conducts environmental education programs there. The Society collaborates with the Virginia Outdoors Foundation regarding the conservation easement at the 68-acre sanctuary.

During 2021, the Society entered into a forest conservation easement at Woodend Sanctuary with Maryland-National Park and Planning Commission (MNPPC). A forest conservation easement is a perpetual property right granted to MNPPC that protects land for existing and future forests by limiting certain activities.

Subsequent to year-end, the Society plans to deed a right of way to Montgomery County, Maryland in order to receive needed permits to install a Nature Play Space at its headquarters at Woodend Sanctuary. The deeded right of way will not impact the reported value of the Society's property.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field.

During the year ended August 31, 2021, the Society recognized a \$566,182 forgivable loan contribution from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) that was received in 2020. The forgivable loan was a conditional contribution that can be recognized as revenue when the underlying conditions are met. The Society has elected to treat the legal forgiveness of the loan as the condition. The \$566,182 was reported as revenue when the legal forgiveness was received during 2021.

Audubon Naturalist Society of the Central Atlantic States, Inc.

Notes to Financial Statements August 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Additionally, during 2021, the Society received a \$409,000 second draw from the PPP. The Society has accrued \$2,147 of interest in the PPP forgivable loan. As of August 31, 2021, the Society has \$411,147 reported as a forgivable loan liability because legal forgiveness was not received for the second draw.

Other than the PPP forgivable loan noted above, there were no unrecognized conditional contributions as of August 31, 2021.

Membership dues are invoiced based on fixed rate schedules. Revenue from membership dues is recognized when received because members do not receive commensurate value.

Tuition, tours and field trip fees are based on fixed rate schedules for educational experiences. Revenues are received and recognized when the services are rendered, and typically occur in the same year. As of August 31, 2021, there was \$146,974 in deferred revenue related to tuition, tours and field trips.

Rental income includes amounts paid private events held at Woodend Sanctuary. The rental deposit is received in advance of the event resulting in a deferred revenue balance. Rental income is recognized when the event is held. As of August 31, 2021, there was \$599,225 in deferred revenue related to the rental program.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, occupancy and office expenses, depreciation, information technology costs, and insurance have been allocated among the programs and supporting services based on employee time and effort.

Income Tax Status

The Society is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code.

The Society follows the Financial Accounting Standards Board Accounting Standards Codification, which provides guidance on accounting for uncertainty in income taxes recognized in the Society's financial statements, if any. As of August 31, 2021, the Society had no unrecognized tax benefits related to uncertain tax positions in its information return that would qualify for either recognition or disclosure in its financial statements.

The Society's policy would be to recognize interest and penalties on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. Through August 31, 2021, there have been no matters that would have resulted in an accrual for interest and/or penalties.

Audubon Naturalist Society of the Central Atlantic States, Inc.

Notes to Financial Statements August 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (Continued)

Generally, the tax years before 2018 are no longer subject to examination by federal, state, or local taxing authorities.

The financial statements include certain prior-year summarized information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended August 31, 2020, from which the summarized information was derived.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2023.

Subsequent Events

Management has evaluated subsequent events through February 23, 2022 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. CONCENTRATION OF CREDIT RISK

The Society maintains its cash at a federally insured financial institution. At times during the year, cash balances exceed the FDIC credit limit. Management does not believe this poses a significant risk.

Audubon Naturalist Society of the Central Atlantic States, Inc.

Notes to Financial Statements August 31, 2021

4. PROMISES TO GIVE

Promises to Give are expected to be realized in the following periods:

In One Year or Less	\$ 830,288
Between One and Five Years	373,782
Five Years or More	<u>18,000</u>
Allowance for Doubtful Promises	(3,308)
Net Present Value Discount at 2.5%	<u>(12,847)</u>
Total	<u>\$ 1,205,915</u>

The Nature For All campaign promises to give included above were \$536,954 as August 31, 2021.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Society has categorized its financial instruments based on a three-level fair value hierarchy as follows:

Level 1 – Values are based on quoted prices for identical assets in active markets.

Level 2 – Values are based on quoted prices for similar assets in active or inactive markets.

Level 3 – Value are based on unobservable inputs to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date.

As of August 31, 2021, these investments and their fair value measurements were:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>
Fixed Income		
Corporate/Government	\$ 2,899,718	\$ 2,899,718
Real Estate Funds	195,499	195,499
Equity Securities		
Large Cap	2,448,978	2,448,978
Mid Cap	326,233	326,233
Small Cap	323,401	323,401
International Developed	884,275	884,275
International Emerging	<u>330,821</u>	<u>330,821</u>
Total	<u>\$ 7,408,925</u>	<u>\$ 7,408,925</u>

Audubon Naturalist Society of the Central Atlantic States, Inc.

**Notes to Financial Statements
August 31, 2021**

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investment income consisted of the following for the year ended August 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Dividends and Interest	\$ 65,248	\$ 79,401	\$ 144,649
Net Realized Gains (Losses)	263,891	245,220	509,111
Net Unrealized Gains (Losses)	296,300	132,041	428,341
Advisory Fees	(19,098)	(15,042)	(34,140)
Total	\$ 606,341	\$ 441,620	\$ 1,047,961

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31, 2021:

Land	\$ 1,254,463
Buildings and Building Improvements	2,850,913
Furniture and Equipment	454,797
Total	4,560,173
Less Accumulated Depreciation	(1,594,099)
Property and Equipment, Net	\$ 2,966,074

Depreciation expense was \$124,146 for the year ended August 31, 2021.

Audubon Naturalist Society of the Central Atlantic States, Inc.

Notes to Financial Statements August 31, 2021

7. NET ASSETS

Net assets with donor restrictions as of August 31, 2021, are restricted for the following purposes:

Purpose	September 1, 2020	Support and Contributions	Investment Income	Releases	August 31, 2021
Nature For All	\$ 2,530,207	\$ 2,848	\$ -	\$ (1,720,274)	\$ 812,781
Rust Sanctuary	190,896	-	-	(9,625)	181,271
Conservation	708,810	315,317	-	(372,936)	651,191
Environmental Education Programs	383,955	157,170	119,397	(204,478)	456,044
Woodend Restoration	2,765,629	405,186	295,262	(497,675)	2,968,402
Crowder/Messersmith Fund	172,408	3,950	26,961	(39,167)	164,152
	<u>6,751,905</u>	<u>884,471</u>	<u>441,620</u>	<u>(2,844,155)</u>	<u>5,233,841</u>
Perpetual	<u>1,119,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,119,724</u>
Total	<u>\$ 7,871,629</u>	<u>\$ 884,471</u>	<u>\$ 441,620</u>	<u>\$ (2,844,155)</u>	<u>\$ 6,353,565</u>

Net assets with perpetual donor restrictions as of August 31, 2021, consisted of the following:

Rust Sanctuary	\$ 436,032
Staff Professional Development	400,000
Washington, D.C. Area Programs Endowment	279,672
Scholarship Endowment	<u>4,020</u>
Total	<u>\$ 1,119,724</u>

The Scholarship and Washington, D.C. Area Programs endowments consist of investments to be held indefinitely. The income earned on each is temporarily restricted to support the corresponding purposes.

Board designated net assets as of August 31, 2021, are designated for the following purposes:

	September 1, 2020	Designations	Appropriations	August 31, 2021
Maintenance and Safety	\$ 41,521	\$ -	\$ (35,515)	\$ 6,006
Name Change	-	205,100	-	205,100
Restoration Projects	692,212	-	-	692,212
Nature For All	250,000	-	(250,000)	-
Total	<u>\$ 983,733</u>	<u>\$ 205,100</u>	<u>\$ (285,515)</u>	<u>\$ 903,318</u>

Audubon Naturalist Society of the Central Atlantic States, Inc.

Notes to Financial Statements August 31, 2021

7. NET ASSETS (CONTINUED)

The Nature For All campaign is transforming the Woodend Sanctuary into an oasis of nature for all people and all wildlife. The campaign is focused on four areas: habitat restoration, a wheelchair accessible trail, a nature play space and building upgrades.

The Nature For All campaign includes the following assets and net assets as of August 31, 2021:

Assets

Cash and Cash Equivalents	\$ 276,627
Promises to Give (Pledges)	536,154
Total Assets	\$ 812,781

Net Assets

With Donor Restrictions	\$ 812,781
Total Net Assets	\$ 812,781

8. ENDOWMENTS

The Society's endowments consist of restricted contributions that established endowments to support specific programs of the Society. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Society has no funds designated by the board of directors to function as endowments.

Interpretation of Relevant Law

The Society has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as net assets with perpetual restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual restrictions is classified as net assets purpose restrictions until those amounts are appropriated for expenditure by the Society in a manner consistent with the standards of prudence prescribed by MUPMIFA.

Audubon Naturalist Society of the Central Atlantic States, Inc.

Notes to Financial Statements August 31, 2021

8. ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with MUPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Society and (7) the Society's investment policies.

Investment Policy

The Society has adopted an investment policy, approved by the board of directors, for endowment assets to provide a stream of funding to programs supported by its endowment while seeking to maintain the original value of the gifts donated to the perpetual endowment. The investment policy establishes an achievable return objective through diversification of asset classes. The Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Society targets a diversified asset allocation that places an emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk parameters.

Funds with Deficiencies

From time to time, the fair value of assets associated with the endowment funds may fall below the level that the donors require to be retained as a fund of perpetual duration. The Society has interpreted MUPMIFA to permit spending from funds with deficiencies in accordance with prudent measures required under law. As of August 31, 2021, there were no funds with deficiencies.

Appropriation of Endowment Assets for Expenditure

Distributions from donor restricted endowments are made in accordance with the terms of the gifts. Accordingly, the investment income earned, and net appreciations of the endowments' investments are available for expenditure in the current period consistent with the terms of the gifts.

As of August 31, 2021, the donor-restricted endowment net asset composition by type of fund consisted of the following:

Without Donor Restrictions	\$	232,445
With Donor Restrictions	\$	683,692

Audubon Naturalist Society of the Central Atlantic States, Inc.

Notes to Financial Statements August 31, 2021

8. ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended August 31, 2021, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Period	\$ 124,493	\$ 683,692	\$ 808,185
Contributions		-	-
Investment Income	119,397	-	119,397
Amounts Appropriated for Expenditures	(11,445)	-	(11,445)
Endowment Net Assets, End of Period	\$ 232,445	\$ 683,692	\$ 916,137

9. IN-KIND CONTRIBUTIONS

In-kind contributions include donated goods and services. Donated services that require a specialized skill that the Society would otherwise need to purchase are recorded at estimated fair value. The Society received catering, legal services and other supplies which were reported as in-kind contribution revenue offset by a corresponding expense. In-kind contributions for the year ended August 31, 2021, were valued at \$52,522.

10. RENTAL REVENUE

The Society leases portions of its buildings and grounds as site rentals under cancelable operating lease arrangements. The site rentals are usually for less than a day.

11. RETIREMENT PLAN

The Society sponsors a defined contribution retirement plan that qualifies under Section 403(b) of the Internal Revenue Code.

The Society's employees are eligible to participate in the plan upon employment. After six months of employment, eligible employees qualify for a matching contribution up to 5% of their salary contributions to the Plan. Employer and employee contributions are vested immediately.

The Society also sponsors a 457(b)-deferred compensation plan for a key employee. Contributions to this plan are remitted annually.

The Society's contribution to the plans for the year ended August 31, 2021, was \$98,878.

Audubon Naturalist Society of the Central Atlantic States, Inc.

**Notes to Financial Statements
August 31, 2021**

12. AVAILABILITY AND LIQUIDITY

The following represents the Society's financial assets at August 31, 2021:

Financial Assets at Year End:

Cash and Cash Equivalents	\$ 2,918,511
Accounts Receivable	39,192
Investments	7,408,925
Promises to Give (Pledges) - Current	<u>830,288</u>
Total Financial Assets	11,196,916

Less Amounts Not Available To Be Used Within One Year:

Net Assets With Donor Restrictions	(5,917,533)
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	1,373,000
Board-Designated Net Assets	<u>(903,318)</u>
	<u>(5,447,851)</u>

Financial Assets Available to Meet General Expenditures

Over the Next Twelve Months	<u>\$ 5,749,065</u>
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As part of the Society's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical.