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**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2022**



## **Independent Auditors' Report**

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

### **Opinion**

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, 2022, 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 the Society as of August 31, 2022, 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.

### **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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society 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 the Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

### **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 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, including omissions, 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 the Society'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 Society'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 the Society's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bethesda, Maryland  
March 22, 2023



Certified Public Accountants

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**Audubon Naturalist Society of the Central Atlantic States, Inc.**

**Statement of Financial Position  
August 31, 2022  
With Comparative Totals As of August 31, 2021**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 2,760,878	\$ 2,918,511
Accounts Receivable	90,050	39,192
Promises to Give (Pledges)	492,333	1,205,115
Inventory	300,071	293,322
Prepaid Expenses	42,114	27,957
Investments	6,909,505	7,408,925
Property and Equipment, Net	2,875,916	2,966,074
<b>Total Assets</b>	<b>\$ 13,470,867</b>	<b>\$ 14,859,096</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 589,765	\$ 992,349
Deferred Revenues	641,633	750,346
Forgivable Loan - PPP	-	410,827
Note Payable	-	320
Total Liabilities	<b>1,231,398</b>	<b>2,153,842</b>
<b>Net Assets</b>		
Without Donor Restrictions		
Undesignated	2,333,281	2,482,297
Property and Equipment	2,875,916	2,966,074
Board Designated	785,124	903,318
Total Without Donor Restrictions	<b>5,994,321</b>	<b>6,351,689</b>
With Donor Restrictions		
Purpose - Nature For All	493,104	812,781
Purpose - Other	4,132,320	4,421,060
Perpetual	1,619,724	1,119,724
Total With Donor Restrictions	<b>6,245,148</b>	<b>6,353,565</b>
Total Net Assets	<b>12,239,469</b>	<b>12,705,254</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 13,470,867</b>	<b>\$ 14,859,096</b>

*See accompanying Notes to Financial Statements.*

**Audubon Naturalist Society of the Central Atlantic States, Inc.**

**Statement of Activities  
For The Year Ending August 31, 2022  
With Comparative Totals For the Year Ended August 31, 2021**

	2022				2021	
	Without Donor Restrictions	With Donor Restrictions			Total	Total
		Nature For All	Other	Perpetual		
<b>Support and Revenues</b>						
Membership Dues	\$ 157,709	\$ -	\$ -	\$ -	\$ 157,709	\$ 155,135
Contributions and Grants	1,067,559	1,328	960,917	500,000	2,529,804	2,677,533
Forgivable Loan - PPP	410,827	-	-	-	410,827	566,182
Tuition, Tours, and Field Trips	1,303,087	-	-	-	1,303,087	983,758
Sanctuary Shop (Net of Cost of Sales of \$241,803)	147,919	-	-	-	147,919	142,895
Rent	721,229	-	-	-	721,229	309,701
Advertising and Other Revenue	1,016	-	-	-	1,016	5,632
Dividends, Interest, Realized Gains (Losses)						
Less: Investment Advisory Fees	167,210	-	72,021	-	239,231	619,620
Net Assets Released from Restrictions	1,187,932	(321,005)	(866,927)	-	-	-
Total Support and Revenues	5,164,488	(319,677)	166,011	500,000	5,510,822	5,460,456
<b>Expenses</b>						
Program Services						
Sanctuaries	1,199,163	-	-	-	1,199,163	1,995,068
Sanctuary Projects	285,498	-	-	-	285,498	1,256,246
Membership Services	527,560	-	-	-	527,560	528,983
Environmental Education	1,545,844	-	-	-	1,545,844	1,084,521
Conservation Programs	522,517	-	-	-	522,517	535,994
Total Program Services	4,080,582	-	-	-	4,080,582	5,400,812
Supporting Services						
Fundraising	364,987	-	-	-	364,987	365,892
General and Administrative	290,000	-	-	-	290,000	228,861
Total Supporting Services	654,987	-	-	-	654,987	594,753
Total Expenses	4,735,569	-	-	-	4,735,569	5,995,565
Increase (Decrease) in Net Assets from Operations	428,919	(319,677)	166,011	500,000	775,253	(535,109)
Net Unrealized Gains (Losses) on Investments	(786,287)	-	(454,751)	-	(1,241,038)	428,341
Changes in Net Assets	(357,368)	(319,677)	(288,740)	500,000	(465,785)	(106,768)
Net Assets, Beginning of Period	6,351,689	812,781	4,421,060	1,119,724	12,705,254	12,812,022
<b>Net Assets, End of Period</b>	<b>\$ 5,994,321</b>	<b>\$ 493,104</b>	<b>\$ 4,132,320</b>	<b>\$ 1,619,724</b>	<b>\$ 12,239,469</b>	<b>\$ 12,705,254</b>

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, 2022  
With Comparative Totals For the Year Ended August 31, 2021**

	<b>2022</b>							<b>Total</b>	2021 Total
	Sanctuaries	Sanctuary Projects	Membership Services	Environmental Education	Conservation Programs	Fundraising	General and Administrative		
Salaries and Related Expenses	\$ 492,730	\$ 185,266	\$ 419,075	\$ 1,242,444	\$ 411,262	\$ 296,681	\$ 16,343	<b>\$ 3,063,801</b>	\$ 2,726,790
Professional / Contractual Services	511,471	53,220	48,791	103,868	39,061	17,289	244,506	<b>1,018,206</b>	2,638,620
Occupancy and Depreciation	73,271	7,369	13,584	70,409	14,487	9,344	1,878	<b>190,342</b>	214,489
Equipment Rental & Repairs	11,636	5,294	6,035	22,152	2,588	2,548	9,361	<b>59,614</b>	71,100
Sanctuary Maintenance	53,007	31,132	-	1,015	-	-	-	<b>85,154</b>	60,807
Travel	124	115	3,880	7,574	2,044	10	27	<b>13,774</b>	5,904
Nature Travel	-	-	-	150	-	-	-	<b>150</b>	-
Supplies	6,106	507	679	25,085	4,109	10,728	4,101	<b>51,315</b>	50,427
Dues, Subscriptions, & Fees	12,593	858	5,330	4,355	4,382	6,339	2,141	<b>35,998</b>	73,841
Printing and Publications	448	509	15,204	2,492	633	13,024	20	<b>32,330</b>	11,287
Postage and Shipping	1,359	85	6,659	815	381	730	18	<b>10,047</b>	13,347
Advertising	18,576	573	2,041	3,080	-	205	1,418	<b>25,893</b>	15,442
Scholarships and Contributions	2,769	37	100	23,727	39,986	774	2,933	<b>70,326</b>	38,650
Bank Fees	14,036	37	4,103	36,317	1,572	1,125	5,035	<b>62,225</b>	69,469
Meetings and Catering	1,037	496	2,079	2,361	1,045	6,190	2,219	<b>15,427</b>	3,983
Other	-	-	-	-	967	-	-	<b>967</b>	1,409
<b>Total</b>	<b>\$ 1,199,163</b>	<b>\$ 285,498</b>	<b>\$ 527,560</b>	<b>\$ 1,545,844</b>	<b>\$ 522,517</b>	<b>\$ 364,987</b>	<b>\$ 290,000</b>	<b>\$ 4,735,569</b>	<b>\$ 5,995,565</b>

*See accompanying Notes to Financial Statements.*

**Audubon Naturalist Society of the Central Atlantic States, Inc.**

**Statement of Cash Flows  
For The Year Ending August 31, 2022  
With Comparative Totals For the Year Ended August 31, 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (465,785)	\$ (106,768)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in (Provided by) Operating Activities		
Depreciation	93,954	124,146
Net (Gains) Losses on Investments	1,211,443	(937,452)
Losses on Disposal of Property and Equipment	1,504	-
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	(50,858)	67,939
Promises to Give	712,782	980,130
Inventory	(6,749)	26,939
Prepaid Expenses	(14,157)	2,097
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(402,584)	681,938
Deferred Revenues	(108,713)	184,018
Forgivable Loan - PPP	(410,827)	(155,355)
Net Cash Provided by (Used in) Operating Activities	<b>560,010</b>	<b>867,632</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment	(5,300)	(490,583)
Purchases of Investments	(2,090,485)	(2,783,661)
Sales and Maturities of Investments	1,378,462	2,655,884
Net Cash Provided by (Used in) Investing Activities	<b>(717,323)</b>	<b>(618,360)</b>
<b>Cash Flows from Financing Activities</b>		
Principal Payments on Note Payable	(320)	-
Net Cash Provided by (Used in) Financing Activities	<b>(320)</b>	<b>-</b>
Net Increase (Decrease) in Cash and Cash Equivalents	<b>(157,633)</b>	249,272
Cash and Cash Equivalents, Beginning of Period	<b>2,918,511</b>	2,669,239
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 2,760,878</b>	<b>\$ 2,918,511</b>
<b>Supplementary Disclosure of Cash Flow Information</b>		
Cash Paid for Interest	\$ 1,820	\$ 5,423

*See accompanying Notes to Financial Statements.*

# **Audubon Naturalist Society of the Central Atlantic States, Inc.**

## **Notes to Financial Statements August 31, 2022**

### **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 Nature Sanctuary (Leesburg, Virginia) 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 continued to impact the Society during Fiscal Year 2022. Due to COVID-19 concerns, participants did not return to the Society's Nature Travel program at the level projected. Virtual programs that were popular during the shutdown period of the pandemic waned in popularity. Some net revenue producers returned to pre-pandemic levels including summer camp and the Woodend rental 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, 2022**

### **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, 2022. 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 (Pledges)**

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, 2022**

### **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.

The Society is in the process of deeding 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, 2022, the Society recognized a \$410,827 forgivable loan contribution from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) that was received in 2021. 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 \$410,827 was reported as revenue when the legal forgiveness was received during 2022.

# **Audubon Naturalist Society of the Central Atlantic States, Inc.**

## **Notes to Financial Statements August 31, 2022**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Revenue Recognition (Continued)**

There were no unrecognized conditional contributions as of August 31, 2022.

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, 2022, there was \$169,762 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, 2022, there was \$471,871 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, 2022, 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, 2022, 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, 2022**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Income Tax Status (Continued)**

Generally, the tax years before 2019 are no longer subject to examination by federal, state, or local taxing authorities.

#### **Comparative Information**

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, 2021, 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 March 22, 2023 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, 2022

### 4. PROMISES TO GIVE

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

In One Year or Less	\$	366,188
Between One and Five Years		192,000
Five Years or More		-
		<hr/>
Allowance for Doubtful Promises		(53,581)
Net Present Value Discount at 2.5%		(12,274)
		<hr/>
Total	\$	<u>492,333</u>

The Nature For All campaign promises to give included above were \$47,642 as August 31, 2022.

### 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, 2022, these investments and their fair value measurements were:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>
Fixed Income		
Corporate/Government	\$ 2,991,064	\$ 2,991,064
Real Estate Funds	173,985	173,985
Equity Securities		
Large Cap	2,272,741	2,272,741
Small Cap	616,125	616,125
International Developed	634,320	634,320
International Emerging	221,270	221,270
	<hr/>	<hr/>
Total	<u>\$ 6,909,505</u>	<u>\$ 6,909,505</u>

**Audubon Naturalist Society of the Central Atlantic States, Inc.**

**Notes to Financial Statements  
August 31, 2022**

**5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

Investment income consisted of the following for the year ended August 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividends and Interest	\$ 149,697	\$ 96,530	\$ 246,227
Net Realized Gains (Losses)	38,784	(9,189)	29,595
Net Unrealized Gains (Losses)	<u>(786,287)</u>	<u>(454,751)</u>	<u>(1,241,038)</u>
Advisory Fees	<u>(21,271)</u>	<u>(15,320)</u>	<u>(36,591)</u>
Total	<u>\$ (619,077)</u>	<u>\$ (382,730)</u>	<u>\$ (1,001,807)</u>

**6. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at August 31, 2022:

Land	\$ 1,254,463
Buildings and Building Improvements	2,775,625
Furniture and Equipment	<u>458,224</u>
Total	4,488,312
Less Accumulated Depreciation	<u>(1,612,396)</u>
Property and Equipment, Net	<u>\$ 2,875,916</u>

Depreciation expense was \$93,954 for the year ended August 31, 2022.

# Audubon Naturalist Society of the Central Atlantic States, Inc.

## Notes to Financial Statements August 31, 2022

### 7. NET ASSETS

Net assets with donor restrictions as of August 31, 2022, are restricted for the following purposes:

Purpose	September 1, 2021	Support and Contributions	Investment Income	Releases	August 31, 2022
Nature For All	\$ 812,781	\$ 1,328	\$ -	\$ (321,005)	\$ 493,104
Rust Sanctuary	181,271	-	-	(9,625)	171,646
Conservation	651,191	286,905	-	(410,152)	527,944
Environmental Education					
Programs	456,044	308,859	-	(356,940)	407,963
Woodend Restoration	2,968,402	346,773	(361,912)	(49,359)	2,903,904
Crowder/Messersmith Fund	164,152	18,380	(20,818)	(40,851)	120,863
	<u>5,233,841</u>	<u>962,245</u>	<u>(382,730)</u>	<u>(1,187,932)</u>	<u>4,625,424</u>
<b>Perpetual</b>	<u>1,119,724</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>1,619,724</u>
<b>Total</b>	<u>\$ 6,353,565</u>	<u>\$ 1,462,245</u>	<u>\$ (382,730)</u>	<u>\$ (1,187,932)</u>	<u>\$ 6,245,148</u>

Net assets with perpetual donor restrictions as of August 31, 2022, consisted of the following:

Rust Sanctuary	\$ 436,032
Staff Professional Development	400,000
Senior Naturalist Endowment	500,000
Washington, D.C. Area Programs Endowment	279,672
Scholarship Endowment	4,020
<b>Total</b>	<u>\$ 1,619,724</u>

The Scholarship, Senior Naturalist Endowment, Staff Professional Development 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, 2022, are designated for the following purposes:

	September 1, 2021	Designations	Appropriations	August 31, 2022
Maintenance and Safety	\$ 6,006	\$ -	\$ (6,006)	\$ -
Name Change	205,100	-	(188,989)	16,111
Restoration Projects	692,212	-	(14,399)	677,813
Name Change and Strategic Plan	-	100,000	(8,800)	91,200
<b>Total</b>	<u>\$ 903,318</u>	<u>\$ 100,000</u>	<u>\$ (218,194)</u>	<u>\$ 785,124</u>

# Audubon Naturalist Society of the Central Atlantic States, Inc.

## Notes to Financial Statements August 31, 2022

### 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, 2022:

<b>Assets</b>	
Cash and Cash Equivalents	\$ 445,462
Promises to Give (Pledges)	47,642
<b>Total Assets</b>	<b><u>\$ 493,104</u></b>
<b>Net Assets</b>	
With Donor Restrictions	<u>\$ 493,104</u>
<b>Total Net Assets</b>	<b><u>\$ 493,104</u></b>

### 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, 2022

### 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, 2022, 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, 2022, the donor-restricted endowment net asset composition by type of fund consisted of the following:

Without Donor Restrictions	\$ 9,994
With Donor Restrictions	\$ 1,183,692

**Audubon Naturalist Society of the Central Atlantic States, Inc.**

**Notes to Financial Statements  
August 31, 2022**

**8. ENDOWMENTS (CONTINUED)**

Changes in endowment net assets for the year ended August 31, 2022, were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Period	\$ 232,445	\$ 683,692	\$ 916,137
Contributions		500,000	500,000
Investment Income	(184,777)	-	(184,777)
Amounts Appropriated for Expenditures	<u>(37,674)</u>	<u>-</u>	<u>(37,674)</u>
Endowment Net Assets, End of Period	<u>\$ 9,994</u>	<u>\$ 1,183,692</u>	<u>\$ 1,193,686</u>

**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, 2022, were valued at \$39,435.

In-Kind contributions for the year ended August 31, 2022, were as follows:

Event Space	\$ 300
Legal Services	23,717
Grounds Keeping Supplies	350
Special Event Donations	9,068
Naturalist Shop Inventory	<u>6,000</u>
Total	<u>\$ 39,435</u>

**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.

# Audubon Naturalist Society of the Central Atlantic States, Inc.

## Notes to Financial Statements August 31, 2022

### 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, 2022, was \$103,409.

### 12. AVAILABILITY AND LIQUIDITY

The following represents the Society's financial assets at August 31, 2022:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 2,760,878
Accounts Receivable	90,050
Investments	6,909,505
Promises to Give (Pledges) - Current	<u>366,188</u>
Total Financial Assets	10,126,621
Less Amounts Not Available To Be Used Within One Year:	
Net Assets With Donor Restrictions	(5,309,116)
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	1,382,000
Board-Designated Net Assets	<u>(785,124)</u>
	<u>(4,712,240)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 5,414,381</u>

As part of the Society's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical.

### 13. SUBSEQUENT EVENTS

Subsequent to year end, the Society changed its legal name to Nature Forward, Inc.