

Financial Statements



April 30, 2019

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Maine Audubon Society

April 30, 2019

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Independent Auditors' Report

**To the Board of Directors
Maine Audubon Society
Falmouth, Maine**

We have audited the accompanying financial statements of the Maine Audubon Society (a nonprofit organization), which comprise the statement of financial position as of April 30, 2019, 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Maine Audubon Society as of April 30, 2019, 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.

Summarized Comparative Prior Period Financial Statements

The 2018 financial statements of Maine Audubon Society were audited by other auditors whose report dated December 18, 2018, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Professional Association

Portland, Maine
March 6, 2020

Statement of Financial Position

Maine Audubon Society

As of April 30, 2019

(with comparative totals for April 30, 2018)

	<u>2019</u>	<u>2018</u>
Current Assets		
Cash	\$ 495,736	\$ 285,588
Investments	14,277,101	14,129,344
Accounts receivable	2,492	3,308
Grants receivable	37,126	48,870
Pledges receivable	6,595	25,234
Inventory	65,267	59,127
Prepaid expenses	9,633	14,343
	<hr/>	<hr/>
Total Current Assets	14,893,950	14,565,814
Land, Buildings, and Equipment , net of accumulated depreciation	808,574	1,362,344
Other Assets		
Property for conservation	813,258	-
	<hr/>	<hr/>
Total Other Assets	813,258	-
	<hr/>	<hr/>
Total Assets	<u>\$ 16,515,782</u>	<u>\$ 15,928,158</u>
Current Liabilities		
Accounts payable	\$ 46,978	\$ 27,185
Accrued payroll	126,335	116,479
Accrued expenses	17,004	19,763
Deferred revenue	335,170	429,193
	<hr/>	<hr/>
Total Current Liabilities	525,487	592,620
Net Assets		
Without donor restrictions	9,831,949	7,850,068
With donor restrictions	6,158,346	7,485,470
	<hr/>	<hr/>
Total Net Assets	15,990,295	15,335,538
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 16,515,782</u>	<u>\$ 15,928,158</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

Maine Audubon Society

For the Year Ended April 30, 2019
(with comparative totals for April 30, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Other Support				
Gifts and donations	\$ 554,423	\$ 216,599	\$ 771,022	\$ 950,354
Grants	436,960	-	436,960	362,675
Membership	259,599	-	259,599	266,584
Program fees	225,974	-	225,974	209,735
Sales, advertising and rental income	308,394	-	308,394	300,225
Special events	43,566	-	43,566	-
Other	1,637	-	1,637	4,225
Net assets released from restrictions	412,951	(412,951)	-	-
Total Revenues and Other Support	2,243,504	(196,352)	2,047,152	2,093,798
Expenses				
Program Services				
Environmental centers, programs, and properties	835,085	-	835,085	955,855
Conservation and advocacy	531,093	-	531,093	428,575
Membership and public information	428,982	-	428,982	446,187
Total Program Services:	1,795,160	-	1,795,160	1,830,617
Supporting services				
Management and general	948,450	-	948,450	723,914
Fundraising	240,119	-	240,119	197,319
Total Expenses	2,983,729	-	2,983,729	2,751,850
Revenues Over (Under) Expenses	(740,225)	(196,352)	(936,577)	(658,052)
Other Income and Expenses				
Interest income	233,249	69,340	302,589	287,401
Gain on investments	760,729	232,091	992,820	931,214
	993,978	301,431	1,295,409	1,218,615
Increase (Decrease) in Net Assets	253,753	105,079	358,832	560,563
Net assets at beginning of year, as previously stated	7,850,068	7,485,470	15,335,538	14,774,975
Net asset reclassification (Note I)	1,432,203	(1,432,203)	-	-
Prior period adjustment (Note L)	295,925	-	295,925	-
Net assets at beginning of year, restated	9,578,196	6,053,267	15,631,463	14,774,975
Net Assets at End of Year	\$ 9,831,949	\$ 6,158,346	\$ 15,990,295	\$ 15,335,538

See accompanying independent auditors' report and notes to financial statements.

Statement of Functional Expenses

Maine Audubon Society

For the Year Ended April 30, 2019
(with comparative totals for April 30, 2018)

	2019						2018	
	Environmental Centers, Programs, and Properties	Conservation and Advocacy	Membership and Public Information	Total Program	General and Administration	Fundraising	Total Expenses	Total Expenses
Payroll and benefits	\$ 534,275	\$ 407,627	\$ 302,856	\$ 1,244,758	\$ 463,321	\$ 206,944	\$ 1,915,023	\$ 1,714,052
Consultants	37,431	72,213	11,989	121,633	123,270	2,000	246,903	195,479
Supplies and equipment	47,258	11,051	4,799	63,108	36,504	370	99,982	80,769
Maintenance	82,246	-	-	82,246	-	-	82,246	81,592
Rental	1,552	-	-	1,552	3,577	-	5,129	6,934
Telephone and website communication	2,389	487	2,688	5,564	11,542	-	17,106	27,834
Utilities, insurance, and taxes	42,769	-	-	42,769	42,717	-	85,486	84,821
Continuing education and conferences	1,344	479	50	1,873	1,208	497	3,578	4,449
Staff recruitment	189	80	-	269	4,240	-	4,509	4,805
Advertising	5,530	-	10,896	16,426	2,171	-	18,597	68,638
Printing and copying	4,207	11,509	33,333	49,049	1,207	4,154	54,410	81,438
Postage, shipping, and mailing	284	2,658	17,363	20,305	10,769	9,714	40,788	33,605
Memberships, premiums, and chapter support	1,000	-	29,286	30,286	20,557	-	50,843	44,957
Licenses and permits	1,439	200	113	1,752	535	113	2,400	2,088
Travel and per diem	6,904	12,840	1,783	21,527	1,084	681	23,292	16,617
Field trip expenses	16,359	111	-	16,470	-	-	16,470	17,596
Subscriptions, dues, and library materials	220	6,728	9,464	16,412	20,682	12,540	49,634	47,694
Miscellaneous	350	4,025	1,246	5,621	3,652	-	9,273	14,409
Organizational support	10,640	-	15	10,655	8,606	-	19,261	280
Over/under and bad debts	4,514	658	-	5,172	47	-	5,219	37
Financing, investment, and bank charges	11,577	427	3,101	15,105	7,651	3,106	25,862	24,941
Cost of goods sold	22,608	-	-	22,608	111,424	-	134,032	125,928
Depreciation expense	-	-	-	-	73,686	-	73,686	72,887
	<u>\$ 835,085</u>	<u>\$ 531,093</u>	<u>\$ 428,982</u>	<u>\$ 1,795,160</u>	<u>\$ 948,450</u>	<u>\$ 240,119</u>	<u>\$ 2,983,729</u>	<u>\$ 2,751,850</u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Cash Flows

Maine Audubon Society

For the Year Ended April 30, 2019
(with comparative totals for April 31, 2018)

	<u>2019</u>	<u>2018</u>
Operating Activities		
Increase (Decrease) in net assets	\$ 358,832	\$ 560,563
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	73,686	72,887
Donated investments	(36,850)	-
Gain on investments	(992,820)	(931,213)
(Increase) decrease in operating assets:		
Accounts receivable	816	(1,243)
Grants receivable	11,744	32,789
Pledges receivable	18,639	(23,752)
Inventory	(6,140)	(6,835)
Prepaid expenses	4,710	1,914
Increase (decrease) in operating liabilities:		
Accounts payable	19,793	(49,350)
Accrued payroll and related taxes	9,856	27,101
Other accrued expenses	(2,759)	12,328
Deferred income	(94,023)	(9,061)
Net Cash Used by Operating Activities	<u>(634,516)</u>	<u>(313,872)</u>
Investing Activities		
Purchase of fixed assets	(37,248)	-
Proceeds from sales of investments	2,237,861	1,946,800
Purchase of investments	(1,355,949)	(1,754,935)
Net Cash Provided by Investing Activities	<u>844,664</u>	<u>191,865</u>
Increase (Decrease) in Cash	210,148	(122,007)
Cash at beginning of year	<u>285,588</u>	<u>407,595</u>
Cash at End of Year	<u>\$ 495,736</u>	<u>\$ 285,588</u>

See accompanying independent auditors' report and notes to financial statements.

Notes to Financial Statements

Maine Audubon Society

Note A - Summary of Significant Accounting Policies

Organization

Maine Audubon Society (Maine Audubon or the Organization) is a membership environmental organization working to conserve Maine's wildlife and wildlife habitat by engaging people of all ages in education, conservation and action.

Maine Audubon works to conserve Maine's wildlife and habitat in three ways - providing hands-on environmental education for people of all ages, conducting research and wildlife conservation projects, and taking action to help shape effective science-based conservation policy.

Support for Maine Audubon comes from its members and donations from committed individuals, foundations, corporations and government agencies.

Basis of Presentation

The accompanying financial statements include a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flows. The Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions - Represents those resources that are not subject to donor-imposed restrictions (donors include other types of contributions, including makers of certain grants), and can be used for any purpose designated by the Organization's governing board.

Net Assets with Donor Restrictions - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is subject to donor-imposed restrictions.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Donated Services by Volunteers

A number of volunteers have donated their time and perform a variety of tasks that assist the Organization in the completion of its mission. The value of contributed services is recognized in the financial statements if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. As these volunteer services do not meet the foregoing criteria for recognition as contributed services under FASB ASC 958-605, *Revenue Recognition*, no amounts for volunteer support or revenue recognition have been recorded.

Notes to Financial Statements - Continued

Maine Audubon Society

Note A - Summary of Significant Accounting Policies - Continued

Revenue and Expense Recognition

The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Expenses are recognized as incurred. The Organization's policy for amounts appropriated for expenditure is to first use restricted amounts as permitted by the restriction, until depleted, and then use unrestricted funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers cash in banks and all other highly liquid investments with a maturity of less than three months to be cash and cash equivalents for the purpose of cash flows. Cash and cash equivalents residing within the Organization's investment portfolios are reported as investments. The Organization maintains its cash and cash equivalents in bank deposit accounts, and at times balances may exceed federally insured limits. At April 30, 2019, the Organization's uninsured and uncollateralized cash balances totals \$10,813. The Organization has not experience losses in these accounts.

Grants and Accounts Receivable

Grants receivable consists primarily of amounts due from federal, state and private grants. Accounts receivable represents amounts due to the Organization for pledges, service or other similar revenues. The allowance for doubtful accounts is provided based on an analysis by management of the collectability of outstanding balances. Management considers the age of outstanding balances and the credit worthiness of supporters in determining the allowance for doubtful accounts. Management has estimated no allowance for doubtful accounts is necessary as of April 30, 2019. The Organization's receivables, while subject to credit risk, do not represent any significant concentrations in any sectors.

Notes to Financial Statements - Continued

Maine Audubon Society

Note A - Summary of Significant Accounting Policies - Continued

Pledges Receivable

Pledges receivable represents amounts due to the Organization for unconditional promises, which are recognized as revenue in the period the pledge is made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management has estimated no allowance for doubtful accounts is necessary as of April 30, 2019.

Investments

The Organization reports its investments in marketable securities with readily determinable fair values and all debt securities at fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Inventories

Inventory is stated at the lower of cost (average cost) or net realizable value on a First In, First Out (FIFO) basis. Inventory consists of items sold in Maine Audubon's gift shops.

Property and Equipment

Fixed assets are stated at cost, or, if donated, at the estimated fair market value at the date of donation. Depreciation is recorded using the straight-line method at various rates calculated to allocate the cost of the respective items over their estimated useful lives. Depreciation of buildings and other fixed assets is provided using estimated useful lives of three to forty years. Depreciation expense for the years ended April 30, 2019 and 2018 was \$73,686 and \$72,887, respectively.

Property (Parcels of Land)

The property of the Organization consists of parcels of land in Maine owned in fee and received at various times from various donors and sellers. If donated, such property is recorded as revenue and as an "other asset" at the time the property is received. The basis of the donation is the fair value of the property as of the date donated as determined by the most recent appraisal by an independent qualified appraiser. In the absence of an appraisal, management determines the next best valuation technique, such as the property valuation used by the municipality in which the property is located. If purchased, the property is recorded as an "other asset" based upon the cost of the acquisition.

Many properties acquired by the Organization are later encumbered by conservation easements or declarations of trust which legally restrict the uses the land can be put to. Such encumbrances impair the market value of the property. Consequently, all such properties have been written down to the estimated market value following the recording of the encumbrance.

Conservation Easements

It is the policy of the Organization to record the donation or acquisition of an easement at its fair market value, in accordance with the most recent appraisal if available, as an income and expense item on the Organization's financial statements. No amount is capitalized for the purchase of the easement as it is not a fee simple property.

Notes to Financial Statements - Continued

Maine Audubon Society

Note A - Summary of Significant Accounting Policies - Continued

Compensated Absences

Vested and accumulated vacation leave is reported as an expense and a liability when the obligation becomes determinable. No liability is accrued for non-vesting rights to receive sick pay benefits.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense was \$18,597 and \$68,638 for the years ended April 30, 2019 and 2018, respectively.

In-Kind Transactions

The Organization records donated goods and services at fair value at the date of donation. For the year ended April 30, 2019, in-kind revenue of \$8,803 was recognized by the Organization.

Income Taxes

The Organization qualifies as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and files a Form 990 tax return. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2015 due to statute of limitations. The Organization has adopted the provisions of FASB ASC, Income Taxes. Management of the Organization believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred.

Comparative Data

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended April 30, 2018, from which the summarized information was derived.

New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets previously presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk.

Notes to Financial Statements - Continued

Maine Audubon Society

Note A - Summary of Significant Accounting Policies - Continued

Pending Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASC 606 (as revised) is a single, principle-based model for recognizing contract revenue and related incremental expenses. For entities other than public business entities, certain not-for-profit entities, and certain employee benefit plans, the Standard is effective for annual reporting periods beginning after December 15, 2018. The new Standard will be adopted by Maine Audubon Society beginning in 2019 and may include certain retrospective adjustments at that time. The effects on Maine Audubon Society future financial statements of these changes have not yet been determined.

Note B - Investments

Investments are composed of the following at April 30, 2019:

Restricted by donors for designated purpose	\$ 4,382,841
Restricted by donors for endowment	1,571,893
Designated by Board for endowment	<u>8,322,367</u>
	<u>\$ 14,277,101</u>

Investments consist of various securities and are stated at fair value as of April 30, 2019 as follows:

Money Market Funds	\$ 106,466
Bonds	2,547,706
Mutual Funds - Equity	<u>11,622,929</u>
	<u>\$ 14,277,101</u>

Investment returns from these investments for the year ended April 30, 2019 are summarized as follows:

Interest and dividend income	\$ 300,288
Net realized and unrealized gains on investments	<u>992,820</u>
	<u>\$ 1,293,108</u>

Notes to Financial Statements - Continued

Maine Audubon Society

Note C - Fair Value Measurements

The Organization applies a framework for measuring fair values under generally accepted accounting principles which applies to all financial instruments that are measured and reported at fair value.

The framework for measuring fair value of financial assets and liabilities includes a hierarchy of three levels for observable independent market inputs and unobservable market assumptions. A description of the inputs used in the valuation of assets and liabilities under this hierarchy is as follows:

Level 1 – Quoted prices are available in active markets, such as the New York or American Stock Exchange markets, for identical investments as of the reporting date. Level 1 also includes U.S. Treasury and federal agency securities and mortgage-backed securities traded by brokers or dealers in active markets.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair values are obtained from third party pricing services that may use models or other valuation methodologies to derive market value. These may be investments traded in less active dealer or broker markets.

Level 3 – Pricing inputs are unobservable for investments and valuations are derived from other methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. The types of investments in this category would generally include debt and equity securities issued by private entities and partnerships.

The following summarizes fair values of certain financial instruments by levels within the fair value hierarchy at April 30, 2019:

	Level 1	Level 2	Level 3	Total
Investments:				
Money Market Funds	\$ 106,466	\$ -	\$ -	\$ 106,466
Bonds	2,547,706	-	-	2,547,706
Mutual Funds - Equity	<u>11,622,929</u>	<u>-</u>	<u>-</u>	<u>11,622,929</u>
Total Investments	<u>\$ 14,277,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,277,101</u>

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment based on the lowest level of input that is significant to the fair value measurement. Most assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Notes to Financial Statements - Continued

Maine Audubon Society

Note D - Endowment Fund

The Organization has endowment funds established for a number of purposes. As required by generally accepted accounting principles, 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 funds are recorded at fair value and the principal recorded as net assets with donor restrictions. Earnings and losses on these funds are considered restricted or unrestricted depending on donor intentions and are recorded as such.

The State of Maine has adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). In accordance with UPMIFA the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) any remaining portion of the donor-restricted endowment until such amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization 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 Organization, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income and capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix which includes cash and equity and debt securities, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the endowment funds. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Notes to Financial Statements - Continued

Maine Audubon Society

Note D - Endowment Fund - Continued

The Organization has a spending policy of appropriating for distribution annually 4% of its endowment fund's average fair value of the prior eight quarters through the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the endowment funds, and the possible effects of inflation. The Organization expects to maintain a current spending policy which will allow its endowment funds to grow at a nominal average rate that is consistent with the Organization's objective to maintain the purchasing power of the endowment assets, as well as to provide additional growth through new gifts and investment return

Changes in endowment net assets for the year ended April 30, 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year, as previously stated	\$ 6,897,126	\$ 7,232,218	\$ 14,129,344
Net asset reclassification	<u>1,432,203</u>	<u>(1,432,203)</u>	<u>-</u>
Endowment net assets, beginning of year, restated	8,329,329	5,800,015	14,129,344
Contributions received	-	1,000	1,000
Investment return:			
Investment return, net of fees	230,948	69,340	300,288
Realized and unrealized gains	<u>760,729</u>	<u>232,091</u>	<u>992,820</u>
Total investment return	991,677	301,431	1,293,108
Appropriation of endowment assets for expenditure	<u>(998,639)</u>	<u>(147,712)</u>	<u>(1,146,351)</u>
Endowment net assets, end of year	<u>\$ 8,322,367</u>	<u>\$ 5,954,734</u>	<u>\$ 14,277,101</u>

Notes to Financial Statements - Continued

Maine Audubon Society

Note E - Land, Buildings, and Equipment

Property and equipment consisted of the following as of April 30:

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 2,554,010	\$ 2,543,897
Equipment and fixtures	796,121	768,986
Land improvements	<u>72,185</u>	<u>589,519</u>
	3,422,316	3,902,402
Less accumulated depreciation	<u>2,613,742</u>	<u>2,540,058</u>
	<u>\$ 808,574</u>	<u>\$ 1,362,344</u>

Note F - Conservation Property

The balance of the property for conservation account is comprised of the following as of April 30, 2019:

	<u>Acres</u>	<u>Date</u> <u>Acquired</u>	<u>Encumbered</u>	<u>Value</u>
Fields Pond I (Orrington)	146.26	8/9/1994	Yes	\$ 28,995
Fields Pond II (Orrington)	19.00	5/30/2014	Yes	1,710
Fields Pond (Holden)	64.00	8/9/1994	Yes	9,180
Gordon Wildlife Sanctuary (Palmyra)	50.00	11/11/1970	Yes	75
East Point Sanctuary I (Biddeford)	12.50	1/12/1981	Yes	34,545
East Point Sanctuary II (Biddeford)	7.00	3/3/1975	Yes	27,600
Mast Landing Sanctuary (Freeport)	101.60	3/23/1967	Yes	5,190
Wood Island (Biddeford)	30.00	3/21/1970	Yes	6,255
M.B. Smith Preserve (Biddeford)	.77	7/9/1975	Yes	231
Stage Island Preserve (Biddeford)	4.00	5/2/1970	Yes	486
Goldenson Preserve (Bremen)	50.19	12/11/2003	Yes	170,100
Penjajawoc Marsh (Bangor)	18.40	11/8/2000	Yes	1,170
Newman Sanctuary I (Georgetown)	.23	1/26/1994	Yes	240
Newman Sanctuary II (Georgetown)	.91	2/6/1968	Yes	990
Newman Sanctuary III (Georgetown)	114.00	2/6/1968	Yes	4,430
Gilsland Farm Sanctuary (Falmouth)	51.46	Multiple	Yes	120,200
Hamilton Sanctuary I (West Bath)	41.00	8/3/1987	Yes	89,816
Hamilton Sanctuary II (West Bath)	26.00	3/28/1979	Yes	906
Hamilton Sanctuary III (West Bath)	19.00	11/26/2007	Yes	134,490
Borestone Sanctuary I (Elliotsville)	1,578.00	4/11/2000	Yes	170,250
Borestone Sanctuary II (Elliotsville)	11.00	11/19/2014	Yes	4,650
Borestone Sanctuary III (Elliotsville)	.74	9/7/2006	Yes	1,749
Total	<u>2,346.06</u>			<u>\$ 813,258</u>

Notes to Financial Statements - Continued

Maine Audubon Society

Note G - Conservation Easements

As stated in the summary of significant accounting policies, the Organization acquires easements and developmental rights through donations and acquisitions. The policy of the Organization is to record these easements and developmental rights as revenue and expense in the year of the transaction while not recording any amount as an asset. During the year ended April 30, 2019, the Organization did not receive or purchase any conservation easements.

Note H - Deferred Revenue

Deferred revenue represents amounts advanced under contracts with state and federal governmental agencies, as well as private organizations, which have not been expended in the current period and are available for use in the subsequent fiscal years. Deferred revenue at April 30, 2019 was \$335,170.

Note I - Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended April 30 are as follows:

	<u>2019</u>	<u>2018</u>
<i>Subject to expenditure for specified purpose:</i>		
Properties	\$ 619,593	\$ 1,502,129
Education	1,092,661	1,104,263
Conservation and advocacy	321,776	313,570
Operations	2,552,422	2,963,834
Operational support in future periods	<u>-</u>	<u>25,230</u>
	4,586,452	5,909,026
<i>Not subject to appropriation or expenditure:</i>		
Properties	234,164	234,164
Education	355,647	360,197
Conservation and advocacy	173,107	173,107
Operations	<u>808,976</u>	<u>808,976</u>
	<u>1,571,894</u>	<u>1,576,444</u>
Total net assets with donor restrictions	<u>\$ 6,158,346</u>	<u>\$ 7,485,470</u>

Net assets were reclassified during the year ending April 30, 2019 to correctly present net asset balances with and without donor restrictions. The total reclassification at May 1, 2019 was an increase in net assets without donor restrictions and a decrease in net assets with donor restrictions of \$1,432,203.

Notes to Financial Statements - Continued

Maine Audubon Society

Note J - Board Designated Net Assets

Board designated net assets (which are included in net assets without restrictions) consist of the following at April 30:

	<u>2019</u>	<u>2018</u>
General Endowment	\$ 8,322,367	\$ 6,897,126

Note K - Liquidity and Availability

Financial assets consist of the Organization's cash, investments, accounts receivable, grants receivable, and pledge receivable. The following reflects the Organization's financial assets as of April 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Financial Position. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure within one year of the Statement of Financial Position date have not been subtracted as unavailable.

Financial assets available to meet cash needs for general expenditures within one year consists of the following at April 30:

	<u>2019</u>	<u>2018</u>
Financial assets, at year-end	\$ 14,819,050	\$ 14,492,344
Less those unavailable for general expenditures within one year, due to:		
<i>Contractual or donor-imposed restrictions:</i>		
Restricted by donor with purpose restrictions	(4,586,452)	(5,909,026)
Not subject to appropriation or expenditure	(1,571,894)	(1,576,444)
<i>Board designations:</i>		
Board-restricted endowment	<u>(8,322,367)</u>	<u>(6,897,126)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 338,337</u>	<u>\$ 109,748</u>

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements in subsequent year.

Notes to Financial Statements - Continued

Maine Audubon Society

Note K - Liquidity and Availability - Continued

The Organization is substantially supported by contributions from donations solicited and contributions received. The Organization actively manages its cash flow to ensure funds are available for general expenditures, liabilities, and other obligations as they come due. Although the Organization does not intend to spend from its quasi-endowment fund or other board designated funds listed above, amounts from these funds can be appropriated if necessary.

Note L - Prior Period Adjustment

During the year ended April 30, 2019, an adjustment was made to reduce the value of existing restricted properties and record previously unrecorded properties. The effect of the correction is an overall increase of \$295,925 to property for conservation and fund balance as of May 1, 2018.

Note M - Subsequent Events

Management has made an evaluation of subsequent events to and including March 6, 2020, which was the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.