

Financial Statements



April 30, 2025

Contents

Maine Audubon Society

April 30, 2025

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of the Maine Audubon Society (a nonprofit organization), which comprise the statements of financial position as of April 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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 Maine Audubon Society as of April 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 Maine Audubon 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 Maine Audubon 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.

Purdy Powers + Co.
Professional Association

Portland, Maine
March 25, 2026

Statements of Financial Position

Maine Audubon Society

As of April 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Current Assets		
Cash	\$ 966,211	\$ 1,502,537
Restricted cash	753,940	-
Accounts receivable	-	84,224
Grants receivable	139,895	202,837
Current portion of pledges receivable	395,520	281,144
Inventory	178,395	153,284
Prepaid expenses	1,697	8,041
Total Current Assets	<u>2,435,658</u>	<u>2,232,067</u>
Land, Buildings, and Equipment , net of accumulated depreciation	1,839,618	1,035,027
Other Assets		
Pledges receivable, net	695,330	528,020
Investments	15,966,820	16,521,279
Property for conservation	643,158	643,158
Total Other Assets	<u>17,305,308</u>	<u>17,692,457</u>
Total Assets	<u>\$ 21,580,584</u>	<u>\$ 20,959,551</u>
Current Liabilities		
Accounts payable	\$ 143,634	\$ 94,336
Accrued payroll	152,166	139,694
Accrued expenses	18,150	25,712
Deferred revenue	160,559	128,269
Total Current Liabilities	<u>474,509</u>	<u>388,011</u>
Net Assets		
Without donor restrictions	12,214,700	12,995,598
With donor restrictions	8,891,375	7,575,942
Total Net Assets	<u>21,106,075</u>	<u>20,571,540</u>
Total Liabilities and Net Assets	<u>\$ 21,580,584</u>	<u>\$ 20,959,551</u>

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

Statement of Activities

Maine Audubon Society

For the Year Ended April 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Gifts and donations	\$ 133,662	\$ 2,508,993	\$ 2,642,655
Grants	523,062	474,573	997,635
Membership	427,263	-	427,263
Program fees	280,626	-	280,626
Sales, advertising, and rental income	632,381	-	632,381
Less: cost of goods sold	<u>(205,235)</u>	<u>-</u>	<u>(205,235)</u>
Net sales, advertising, and rental income	427,146	-	427,146
Special events	1,782	-	1,782
Other	3,120	-	3,120
Net assets released from restrictions	<u>2,022,034</u>	<u>(2,022,034)</u>	<u>-</u>
Total Revenues and Other Support	3,818,695	961,532	4,780,227
Expenses			
Program Services			
Environmental centers, programs, and properties	2,064,170	-	2,064,170
Conservation and advocacy	966,644	-	966,644
Membership and public information	<u>500,674</u>	<u>-</u>	<u>500,674</u>
Total Program Services:	3,531,488	-	3,531,488
Supporting services			
Management and general	907,418	-	907,418
Fundraising	<u>943,422</u>	<u>-</u>	<u>943,422</u>
Total Expenses	<u>5,382,328</u>	<u>-</u>	<u>5,382,328</u>
Revenues Over (Under) Expenses	(1,563,633)	961,532	(602,101)
Other Income and Expenses			
Interest income	230,529	97,431	327,960
Gain on investments	<u>552,206</u>	<u>256,470</u>	<u>808,676</u>
	<u>782,735</u>	<u>353,901</u>	<u>1,136,636</u>
Increase (Decrease) in Net Assets	(780,898)	1,315,433	534,535
Net assets at beginning of year	<u>12,995,598</u>	<u>7,575,942</u>	<u>20,571,540</u>
Net Assets at End of Year	<u>\$ 12,214,700</u>	<u>\$ 8,891,375</u>	<u>\$ 21,106,075</u>

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

Statement of Activities

Maine Audubon Society

For the Year Ended April 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Gifts and donations	\$ 1,461,602	\$ 205,174	\$ 1,666,776
Grants	197,458	675,559	873,017
Membership	398,891	-	398,891
Program fees	271,294	-	271,294
Sales, advertising, and rental income	575,564	-	575,564
Less: cost of goods sold	<u>(222,421)</u>	<u>-</u>	<u>(222,421)</u>
Net sales, advertising, and rental income	353,143	-	353,143
Special events	3,973	-	3,973
Other	2,665	-	2,665
Net assets released from restrictions	<u>1,734,386</u>	<u>(1,734,386)</u>	<u>-</u>
Total Revenues and Other Support	4,423,412	(853,653)	3,569,759
Expenses			
Program Services			
Environmental centers, programs, and properties	1,814,808	-	1,814,808
Conservation and advocacy	990,385	-	990,385
Membership and public information	<u>525,897</u>	<u>-</u>	<u>525,897</u>
Total Program Services:	3,331,090	-	3,331,090
Supporting services			
Management and general	1,008,017	-	1,008,017
Fundraising	<u>997,855</u>	<u>-</u>	<u>997,855</u>
Total Expenses	<u>5,336,962</u>	<u>-</u>	<u>5,336,962</u>
Revenues Under Expenses	(913,550)	(853,653)	(1,767,203)
Other Income and Expenses			
Interest income	258,051	65,734	323,785
Gain on investments	<u>799,021</u>	<u>240,826</u>	<u>1,039,847</u>
	<u>1,057,072</u>	<u>306,560</u>	<u>1,363,632</u>
Increase (Decrease) in Net Assets	143,522	(547,093)	(403,571)
Net assets at beginning of year	<u>12,852,076</u>	<u>8,123,035</u>	<u>20,975,111</u>
Net Assets at End of Year	<u>\$ 12,995,598</u>	<u>\$ 7,575,942</u>	<u>\$ 20,571,540</u>

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

Statement of Functional Expenses

Maine Audubon Society

For the Year Ended April 30, 2025

	Environmental Centers, Programs, and Properties	Conservation and Advocacy	Membership and Public Information	Total Program	General and Administration	Fundraising	Total
Payroll and benefits	\$ 1,447,900	\$ 844,843	\$ 339,208	\$ 2,631,951	\$ 516,023	\$ 775,172	\$ 3,923,146
Consultants	158,683	72,208	45,784	276,675	156,695	82,568	515,938
Supplies and equipment	159,283	16,417	1,501	177,201	27,255	22,025	226,481
Maintenance	137,434	-	-	137,434	-	263	137,697
Rental	9,843	525	-	10,368	6,613	4,191	21,172
Telephone and website communication	5,775	-	-	5,775	20,828	-	26,603
Utilities, insurance, and taxes	52,088	-	-	52,088	54,669	946	107,703
Continuing education and conferences	5,069	8,415	534	14,018	1,547	1,226	16,791
Staff recruitment	1,379	302	319	2,000	1,999	319	4,318
Advertising	2,993	748	8,523	12,264	1,392	716	14,372
Printing and copying	10,375	5,920	45,326	61,621	48	16,742	78,411
Postage, shipping, and mailing	1,553	968	24,519	27,040	8,148	31,674	66,862
Memberships, premiums, and chapter support	-	-	13,222	13,222	-	-	13,222
Licenses and permits	4,585	400	-	4,985	15	3,710	8,710
Travel and per diem	16,131	12,763	1,149	30,043	3,040	2,260	35,343
Field trip expenses	15,150	-	-	15,150	-	-	15,150
Subscriptions, dues, and library materials	724	2,102	9,915	12,741	796	853	14,390
Organizational support	2,579	918	381	3,878	6,902	757	11,537
Financing and bank charges	32,626	115	10,293	43,034	-	-	43,034
Depreciation	-	-	-	-	101,448	-	101,448
	<u>\$ 2,064,170</u>	<u>\$ 966,644</u>	<u>\$ 500,674</u>	<u>\$ 3,531,488</u>	<u>\$ 907,418</u>	<u>\$ 943,422</u>	<u>\$ 5,382,328</u>

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

Statement of Functional Expenses

Maine Audubon Society

For the Year Ended April 30, 2024

	Environmental Centers, Programs, and Properties	Conservation and Advocacy	Membership and Public Information	Total Program	General and Administration	Fundraising	Total
Payroll and benefits	\$ 1,288,797	\$ 814,003	\$ 362,871	\$ 2,465,671	\$ 578,909	\$ 516,248	\$ 3,560,828
Consultants	120,204	99,892	40,228	260,324	182,622	400,262	843,208
Supplies and equipment	100,997	26,142	1,863	129,002	55,431	27,387	211,820
Maintenance	120,672	10	-	120,682	-	-	120,682
Rental	13,035	1,894	-	14,929	7,061	1,956	23,946
Telephone and website communication	5,529	414	1,246	7,189	19,065	-	26,254
Utilities, insurance, and taxes	47,771	-	-	47,771	53,167	-	100,938
Continuing education and conferences	5,267	2,238	793	8,298	558	744	9,600
Staff recruitment	4,135	7,606	59	11,800	2,734	49	14,583
Advertising	6,134	-	11,973	18,107	2,465	-	20,572
Printing and copying	17,817	6,488	40,671	64,976	-	4,159	69,135
Postage, shipping, and mailing	984	1,004	17,734	19,722	7,824	36,776	64,322
Memberships, premiums, and chapter support	30,306	500	34,804	65,610	-	-	65,610
Licenses and permits	1,955	-	245	2,200	80	375	2,655
Travel and per diem	10,690	21,755	1,609	34,054	4,119	2,381	40,554
Field trip expenses	658	1,293	-	1,951	21	-	1,972
Subscriptions, dues, and library materials	1,876	3,633	1,424	6,933	1,516	1,236	9,685
Miscellaneous	6,451	1,129	312	7,892	-	4,789	12,681
Organizational support	5,638	2,278	1,180	9,096	6,340	1,493	16,929
Financing and bank charges	25,892	106	8,885	34,883	-	-	34,883
Depreciation	-	-	-	-	86,105	-	86,105
	<u>\$ 1,814,808</u>	<u>\$ 990,385</u>	<u>\$ 525,897</u>	<u>\$ 3,331,090</u>	<u>\$ 1,008,017</u>	<u>\$ 997,855</u>	<u>\$ 5,336,962</u>

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

Statements of Cash Flows

Maine Audubon Society

For the Year Ended April 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Increase (decrease) in net assets	\$ 534,535	\$ (403,571)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	101,448	86,105
Donated investments	(287,996)	(41,913)
(Gains) losses on investments	(808,676)	(1,039,847)
(Increase) decrease in operating assets:		
Accounts receivable	84,224	(84,076)
Grants receivable	62,942	255,418
Pledges receivable	(281,686)	204,838
Inventory	(25,111)	(19,875)
Prepaid expenses	6,344	(960)
Increase (decrease) in operating liabilities:		
Accounts payable	49,298	18,553
Accrued payroll and related taxes	12,472	(58,431)
Other accrued expenses	(7,562)	2,205
Deferred income	32,290	38,350
Net Cash Used by Operating Activities	<u>(527,478)</u>	<u>(1,043,204)</u>
Investing Activities		
Purchase of fixed assets	(906,039)	(141,928)
Proceeds from sales of investments	6,831,438	4,995,982
Purchase of investments	(5,180,307)	(3,855,255)
Net Cash Provided by Investing Activities	<u>745,092</u>	<u>998,799</u>
Increase (Decrease) in Cash	217,614	(44,405)
Cash at beginning of year	<u>1,502,537</u>	<u>1,546,942</u>
Cash at End of Year	<u>\$ 1,720,151</u>	<u>\$ 1,502,537</u>
Reconciliation of cash		
Unrestricted cash	966,211	1,502,537
Restricted cash	<u>753,940</u>	<u>-</u>
Cash at End of Year	<u>\$ 1,720,151</u>	<u>\$ 1,502,537</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

Nature of Activities

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

Maine Audubon works to help the people of Maine become informed and effective stewards of wildlife and habitat through: educational programs designed to increase public environmental literacy; conservation research and programs that aim to conserve both common and at-risk native wildlife species and habitats in Maine; and a science-based approach to advocate on behalf of laws, rules, and policies that help conserve native Maine wildlife, and inspire people to take action on local, state, and federal levels.

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

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 contributors, 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

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.

In accordance with ASC 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service, in an amount that reflects the consideration it expects to be entitled to in an exchange for those goods or services. 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. The Organization's uninsured and uncollateralized cash balances totaled \$1,098,602 and \$617,154 at April 30, 2025 and 2024, respectively. The Organization has not experienced losses in these accounts. Restricted cash consists of \$753,940 set aside in a separate, pledged account to serve as collateral for an irrevocable standby letter of credit in favor of the Town of Falmouth with an expiration date of August 15, 2026 at April 30, 2025.

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 service or other similar revenues. The Organization uses the aging schedule methodology to determine uncollectible accounts receivable on a pooled basis where similar risk characteristics exist. The Organization has evaluated past historical loss information along with customers financial condition and current economic conditions and future forecasts in determining the credit losses. The Organization deemed no allowance was necessary as of April 30, 2025 and 2024.

Notes to Financial Statements

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, 2025 and 2024.

Investments

The Organization reports its investments in marketable securities with readily determinable fair values and all debt securities at fair value in the statement 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 totaled \$101,448 and \$86,105 for the years ended April 30, 2025 and 2024, 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

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 \$14,372 and \$20,572 for the years ended April 30, 2025 and 2024, respectively.

Contributions of Nonfinancial Assets

The Organization records donated goods and services at fair value at the date of donation. There was \$6,575 and \$4,598 in contributions of nonfinancial assets recognized by the Organization for the years ended April 30, 2025 and 2024, respectively.

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 2022 due to the 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.

Note B - Investments

Investments are composed of the following at April 30:

	<u>2025</u>	<u>2024</u>
Restricted by donors for endowment – designated purpose	\$ 3,689,117	\$ 3,680,751
Restricted by donors for endowment – nonspendable	1,571,893	1,571,893
Designated by Board for endowment	<u>10,705,810</u>	<u>11,268,635</u>
	<u>\$ 15,966,820</u>	<u>\$ 16,521,279</u>

Notes to Financial Statements

Maine Audubon Society

Note B - Investments - Continued

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

	<u>2025</u>	<u>2024</u>
Money Market Funds	\$ 43,262	\$ 278,073
Bonds	3,537,696	3,208,629
Mutual Funds - Equity	12,385,862	13,034,577
	<u>\$ 15,966,820</u>	<u>\$ 16,521,279</u>

Investment returns from these investments for the year ended April 30:

	<u>2025</u>	<u>2024</u>
Interest and dividend income	\$ 327,960	\$ 323,785
Net realized and unrealized gain on investments	808,676	1,039,847
	<u>\$ 1,136,636</u>	<u>\$ 1,363,632</u>

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.

Notes to Financial Statements

Maine Audubon Society

Note C - Fair Value Measurements - Continued

The following summarizes fair values of certain financial instruments by levels within the fair value hierarchy at April 30, 2025:

	Level 1	Level 2	Level 3	Total
Investments:				
Money Market Funds	\$ 43,262	\$ -	\$ -	\$ 43,262
Bonds	3,537,696	-	-	3,537,696
Mutual Funds - Equity	<u>12,385,862</u>	<u>-</u>	<u>-</u>	<u>12,385,862</u>
Total Investments	<u>\$ 15,966,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,966,820</u>

The following summarizes fair values of certain financial instruments by levels within the fair value hierarchy at April 30, 2024:

	Level 1	Level 2	Level 3	Total
Investments:				
Money Market Funds	\$ 278,073	\$ -	\$ -	\$ 278,073
Bonds	3,208,629	-	-	3,208,629
Mutual Funds - Equity	<u>13,034,577</u>	<u>-</u>	<u>-</u>	<u>13,034,577</u>
Total Investments	<u>\$ 16,521,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,521,279</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.

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.

Notes to Financial Statements

Maine Audubon Society

Note D - Endowment Fund - Continued

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.

The Organization has a spending policy of appropriating for distribution annually 4% of its endowment fund's average fair value of the portfolio measured over the eight quarters previous to the preparation of the annual budget. 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.

Notes to Financial Statements

Maine Audubon Society

Note D - Endowment Fund - Continued

Changes in endowment net assets for the year ended April 30, 2025 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 11,268,635	\$ 5,252,644	\$ 16,521,279
Contributions received	371	-	371
Investment return:			
Investment return	206,657	97,431	304,088
Net realized and unrealized gains	<u>552,206</u>	<u>256,470</u>	<u>808,676</u>
Total investment return	758,863	353,901	1,112,764
Appropriation of endowment assets for expenditure	<u>(1,322,059)</u>	<u>(345,535)</u>	<u>(1,667,594)</u>
Endowment net assets, end of year	<u>\$ 10,705,810</u>	<u>\$ 5,261,010</u>	<u>\$ 15,966,820</u>

Changes in endowment net assets for the year ended April 30, 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 11,165,378	\$ 5,414,868	\$ 16,580,246
Contributions received	369	-	369
Investment return:			
Investment return	258,051	65,734	323,785
Net realized and unrealized gains	<u>799,021</u>	<u>240,826</u>	<u>1,039,847</u>
Total investment return	1,057,072	306,560	1,363,632
Appropriation of endowment assets for expenditure	<u>(954,184)</u>	<u>(468,784)</u>	<u>(1,422,968)</u>
Endowment net assets, end of year	<u>\$ 11,268,635</u>	<u>\$ 5,252,644</u>	<u>\$ 16,521,279</u>

Notes to Financial Statements

Maine Audubon Society

Note E - Land, Buildings, and Equipment

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

	<u>2025</u>	<u>2024</u>
Buildings and improvements	\$ 3,136,658	\$ 3,017,950
Equipment and fixtures	989,947	891,606
Land improvements	72,186	72,186
Construction in process (not depreciated)	<u>719,324</u>	<u>30,334</u>
	4,918,115	4,012,076
Less accumulated depreciation	<u>3,078,497</u>	<u>2,977,049</u>
	<u>\$ 1,839,618</u>	<u>\$ 1,035,027</u>

Note F - Conservation Property

Property for conservation is comprised of the following as of April 30, 2025 and 2024:

	<u>Acres</u>	<u>Date 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
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>2,295.87</u>			<u>\$ 643,158</u>

Notes to Financial Statements

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. The Organization did not receive or purchase any conservation easements as of April 30, 2025 and 2024.

Note H - Pledges Receivable

In 2022, Maine Audubon Society developed a fundraising capital campaign to improve and modernize their premises in Falmouth. As of April 30, 2025 and 2024 \$2,404,409 and \$1,611,417 has been raised and pledged towards the campaign. As of April 30, 2025 and 2024, \$1,269,432 and \$757,682 of the balance has already been received, the amount remaining is included in pledges receivable. From the amount raised and pledged, \$1,307,500 and \$1,285,750 came from current board members as of April 30, 2025 and 2024, respectively. The first wave of renovation and building started in 2025.

Unconditional pledges receivable consist of the following at April 30, 2025:

Receivable in less than one year (capital campaign)	\$	395,520
Receivable in one to five years (capital campaign)		<u>739,457</u>
		1,134,977
Less: discounts to net present value (capital campaign)		<u>(44,127)</u>
Net unconditional pledges receivable	\$	<u>1,090,850</u>

Unconditional pledges receivable consist of the following at April 30, 2024:

Receivable in less than one year (capital campaign)	\$	281,144
Receivable in one to five years (capital campaign)		<u>572,147</u>
		853,291
Less: discounts to net present value (capital campaign)		<u>(44,127)</u>
Net unconditional pledges receivable	\$	<u>809,164</u>

Note I - 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 was \$160,559 and \$128,269 as of April 30, 2025 and 2024, respectively.

Notes to Financial Statements

Maine Audubon Society

Note J - Net Assets with Donor Restrictions

Net assets with donor restrictions for the year ended April 30:

	<u>2025</u>	<u>2024</u>
<i>Subject to expenditure for specified purpose:</i>		
Properties	\$ 612,252	\$ 654,904
Education	1,202,763	942,038
Conservation and advocacy	644,630	523,549
Operations	2,152,705	2,696,819
Capital Campaign	1,667,987	377,574
Support for future periods	<u>1,036,745</u>	<u>809,164</u>
	7,317,082	6,004,048
 <i>Not subject to appropriation or expenditure:</i>		
Properties	234,164	234,164
Education	357,146	355,647
Conservation and advocacy	173,107	173,107
Operations	<u>809,876</u>	<u>808,976</u>
	<u>1,574,293</u>	<u>1,571,894</u>
Total net assets with donor restrictions	<u>\$ 8,891,375</u>	<u>\$ 7,575,942</u>

Note K - Board Designated Net Assets

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

	<u>2025</u>	<u>2024</u>
General Endowment	<u>\$ 10,705,810</u>	<u>\$ 11,268,635</u>

Note L - 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, 2025 and 2024, 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

Notes to Financial Statements

Maine Audubon Society

Note L - Liquidity and Availability - Continued

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>2025</u>	<u>2024</u>
Financial assets, at year-end	\$ 18,917,716	\$ 19,120,041
Less those unavailable for general expenditures within one year, due to:		
<i>Contractual or donor-imposed restrictions:</i>		
Restricted by donor with purpose restrictions	(6,280,337)	(5,194,884)
Not subject to appropriation or expenditure	(1,574,293)	(1,571,894)
<i>Board designations:</i>		
Board-restricted endowment	<u>(10,705,810)</u>	<u>(11,268,635)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 357,276</u>	<u>\$ 1,084,628</u>

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements in 2026.

Donor-imposed restrictions related to support for future periods are excluded from financial assets available within one year because those resources are not available for current operations.

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.

Notes to Financial Statements

Maine Audubon Society

Note M - Revenue Recognition

Disaggregation of Revenue

The following table shows the Organization's contract revenue disaggregated according to product type/revenue stream and the timing of transfer of goods or services for the year ended April 30:

	<u>2025</u>	<u>2024</u>
<i>Revenue Recognized at a Point in Time</i>		
Sales: Gift Shop Sales	\$ 378,431	\$ 383,673
Sales: Other	-	3,695
Sales: Native Plant Program	169,871	113,260
Program Fees: Field Trips	23,045	3,700
Program Fees: Public and Adult Programs	102,872	148,201
Program Fees: Other	<u>5,470</u>	<u>12,443</u>
Total contract revenue recognized at a point in time	679,689	664,972

	<u>2025</u>	<u>2024</u>
<i>Revenue Recognized at a Point in Time</i>		
Sales: Gift Shop Sales	\$ 378,431	\$ 383,673
Sales: Other	-	3,695
Sales: Native Plant Program	169,871	113,260
Program Fees: Field Trips	23,045	3,700
Program Fees: Public and Adult Programs	102,872	148,201
Program Fees: Other	<u>5,470</u>	<u>12,443</u>
Total contract revenue recognized at a point in time	679,689	664,972

<i>Revenue Recognized Over Time</i>		
Program Fees: Summer and Vacation Camps	111,361	80,698
Program Fees: Other	<u>37,878</u>	<u>26,252</u>
Total contract revenue recognized over time	<u>149,239</u>	<u>106,950</u>
Total Revenue from Contracts with Customers	<u>\$ 828,928</u>	<u>\$ 771,922</u>

Contract Assets and Contract Liabilities

In accordance with FASB ASC 606-10-50, the Organization has considered the need to record contract assets and contract liabilities from contracts with its customers. There are no contract assets as of April 30, 2025 and 2024. The Organization had contract liabilities in the amount of \$85,490 and \$81,438 recorded as deferred revenue on the statement of financial position at April 30, 2025 and 2024, respectively.

Receivables

The Organization has accounts receivable from contracts with customers of \$0 and \$15,700 at April 30, 2025 and 2024, respectively.

Notes to Financial Statements

Maine Audubon Society

Note M - Revenue Recognition - Continued

Performance Obligations

The Organization receives revenue from its gift shop and various programs and events. The Organization recognizes revenue as the promised good or activity is provided to and utilized by the customer.

There are no credit terms extended to certain customers based on credit worthiness.

Management has determined that there are no significant warranties or return, refund, or discount obligations related to contracts with its customers.

The Organization has no significant shipping and handling costs.

Performance Obligations - Continued

The Organization receives revenue related to summer camps and other long term camps as services are provided. Revenue is recognized on a ratable basis over the contract term, which is generally a period of less than six months. Several other programs are recognized at a point in time for day-long programs.

There are no credit terms extended to customers.

Transaction Price Allocated to Remaining Performance Obligations

Obligations related to contracts are for services with remaining terms of less than a year and contain no variable consideration.

Significant Judgments

Contract transaction price includes the Organization's judgment of variable consideration. Variable consideration is broadly defined and includes incentives, price concessions, rebates and refunds, as well as if the amount to be received is contingent on the occurrence of a future event. Based on available information, management must include an estimate of any variable consideration when determining the contract transaction price, using either the "expected value" or the "most likely amount" approach.

The Organization has elected not to identify promised goods or services that are immaterial in the context of the contract for further evaluation under ASC 606, and has applied the decision consistently to similar types of transactions.

Financing Components

The Organization's contracts with customers contain no significant financing component

Notes to Financial Statements

Maine Audubon Society

Note N - Letter of Credit

During the year ended April 30, 2025, the Organization authorized Maine Community Bank to issue an irrevocable letter of credit in the maximum amount of \$753,941 in favor of the Town of Falmouth. The letter of credit was required by the Town before construction related to the Organization's capital campaign could begin.

No amounts had been drawn on the letter of credit as of April 30, 2025. Cash of \$753,941 related to the letter of credit is classified as restricted cash as of April 30, 2025.

Note O - Retirement Plan

The Organization has a defined contribution retirement plan under Internal Revenue Code Section 403(b) covering employees meeting certain eligibility requirements. There is a discretionary 4% employer contribution to the plan. The Organization spent \$140,769 and \$126,888 during the years ended April 30, 2025 and 2024, respectively.

Note P - Subsequent Events

Subsequent to year end, the Organization entered into a \$5,000,000 line of credit agreement.

Management has made an evaluation of subsequent events to and including March 25, 2026, 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.