

**Financial Statements**



**April 30, 2023**

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**Maine Audubon Society**

**April 30, 2023**

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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 statement of financial position as of April 30, 2023, 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 Maine Audubon Society as of April 30, 2023, 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 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 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 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 Maine Audubon Society's 2022 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated May 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Purdy Powers + Co.*  
Professional Association

**Portland, Maine**  
**March 8, 2024**

## Statement of Financial Position

### Maine Audubon Society

As of April 30, 2023

(with comparative totals for April 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>Current Assets</b>		
Cash	\$ 1,546,942	\$ 1,366,557
Accounts receivable	148	216
Grants receivable	458,255	417,761
Current portion of pledges receivable	116,740	1,000
Inventory	133,409	92,049
Prepaid expenses	7,081	-
<b>Total Current Assets</b>	<u>2,262,575</u>	<u>1,877,583</u>
<b>Land, Buildings, and Equipment</b> , net of accumulated depreciation	979,204	903,596
<b>Other Assets</b>		
Pledges receivable, net	897,262	-
Investments	16,580,246	17,967,815
Property for conservation	643,158	813,258
<b>Total Other Assets</b>	<u>18,120,666</u>	<u>18,781,073</u>
<b>Total Assets</b>	<u>\$ 21,362,445</u>	<u>\$ 21,562,252</u>
<b>Current Liabilities</b>		
Accounts payable	\$ 75,783	\$ 66,418
Accrued payroll	198,125	167,339
Accrued expenses	23,507	26,875
Deferred revenue	89,919	163,029
<b>Total Current Liabilities</b>	<u>387,334</u>	<u>423,661</u>
<b>Net Assets</b>		
Without donor restrictions	12,852,076	14,157,287
With donor restrictions	8,123,035	6,981,304
<b>Total Net Assets</b>	<u>20,975,111</u>	<u>21,138,591</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 21,362,445</u>	<u>\$ 21,562,252</u>

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

## Statement of Activities

### Maine Audubon Society

For the Year Ended April 30, 2023  
(with comparative totals for April 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues and Other Support</b>				
Gifts and donations	\$ 996,940	\$ 1,210,520	\$ 2,207,460	\$ 1,480,025
Grants	174,191	1,061,041	1,235,232	848,422
Membership	379,610	-	379,610	370,406
Program fees	190,862	-	190,862	149,882
Sales, advertising, and rental income	537,597	-	537,597	465,715
Special events	33,318	-	33,318	20,495
Other	59,503	-	59,503	372,733
Net assets released from restrictions	1,262,426	(1,262,426)	-	-
<b>Total Revenues and Other Support</b>	<b>3,634,447</b>	<b>1,009,135</b>	<b>4,643,582</b>	<b>3,707,678</b>
<b>Expenses</b>				
Program Services				
Environmental centers, programs, and properties	1,881,248	-	1,881,248	1,467,944
Conservation and advocacy	1,065,651	-	1,065,651	747,774
Membership and public information	535,298	-	535,298	487,507
Total Program Services:	3,482,197	-	3,482,197	2,703,225
Supporting services				
Management and general	1,018,465	-	1,018,465	893,238
Fundraising	913,320	-	913,320	459,658
<b>Total Expenses</b>	<b>5,413,982</b>	<b>-</b>	<b>5,413,982</b>	<b>4,056,121</b>
<b>Revenues Over (Under) Expenses</b>	<b>(1,779,535)</b>	<b>1,009,135</b>	<b>(770,400)</b>	<b>(348,443)</b>
<b>Other Income and Expenses</b>				
Interest income	226,715	61,931	288,646	314,004
Gain (loss) on investments	247,609	70,665	318,274	(921,091)
	474,324	132,596	606,920	(607,087)
<b>Increase (Decrease) in Net Assets</b>	<b>(1,305,211)</b>	<b>1,141,731</b>	<b>(163,480)</b>	<b>(955,530)</b>
Net assets at beginning of year	14,157,287	6,981,304	21,138,591	22,094,121
<b>Net Assets at End of Year</b>	<b>\$ 12,852,076</b>	<b>\$ 8,123,035</b>	<b>\$ 20,975,111</b>	<b>\$ 21,138,591</b>

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

## Statement of Functional Expenses

### Maine Audubon Society

**For the Year Ended April 30, 2023**  
**(with comparative totals for April 30, 2022)**

	2023						2022	
	Environmental Centers, Programs, and Properties	Conservation and Advocacy	Membership and Public Information	Total Program	General and Administration	Fundraising	Total	Total
Payroll and benefits	\$ 1,029,889	\$ 741,532	\$ 355,389	\$ 2,126,810	\$ 480,283	\$ 438,515	\$ 3,045,608	\$ 2,414,486
Consultants	421,858	73,014	45,676	540,548	126,692	345,310	1,012,550	505,648
Supplies and equipment	114,662	43,718	1,802	160,182	32,418	30,208	222,808	193,506
Maintenance	121,973	4	2,277	124,254	250	-	124,504	147,392
Rental	21,223	387	-	21,610	15,522	1,429	38,561	16,951
Telephone and website communication	3,773	539	1,954	6,266	12,660	1,710	20,636	27,599
Utilities, insurance, and taxes	48,436	-	-	48,436	49,991	-	98,427	93,459
Continuing education and conferences	6,683	3,606	352	10,641	882	2,505	14,028	2,577
Staff recruitment	575	294	-	869	3,370	244	4,483	11,805
Advertising	1,024	400	8,936	10,360	1,643	-	12,003	16,099
Printing and copying	13,214	2,103	33,564	48,881	373	13,854	63,108	62,803
Postage, shipping, and mailing	1,132	474	16,138	17,744	8,740	27,476	53,960	43,301
Memberships, premiums, and chapter support	6,000	-	57,884	63,884	184	-	64,068	206,509
Licenses and permits	13,304	265	-	13,569	-	-	13,569	475
Travel and per diem	13,511	20,381	423	34,315	2,551	1,883	38,749	7,372
Field trip expenses	16,994	-	-	16,994	-	9	17,003	10,182
Subscriptions, dues, and library materials	3,370	3,374	1,018	7,762	975	5,355	14,092	35,226
Miscellaneous	2,689	174,248	426	177,363	(2,348)	42,223	217,238	1,735
Organizational support	5,029	1,239	570	6,838	1,967	1,395	10,200	7,420
Financing, investment, and bank charges	12,889	73	8,889	21,851	9,368	1,204	32,423	28,543
Cost of goods sold	23,020	-	-	23,020	190,925	-	213,945	156,419
Depreciation expense	-	-	-	-	82,019	-	82,019	66,614
	<u>\$ 1,881,248</u>	<u>\$ 1,065,651</u>	<u>\$ 535,298</u>	<u>\$ 3,482,197</u>	<u>\$ 1,018,465</u>	<u>\$ 913,320</u>	<u>\$ 5,413,982</u>	<u>\$ 4,056,121</u>

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

## Statement of Cash Flows

### Maine Audubon Society

For the Year Ended April 30, 2023  
(with comparative totals for April 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>Operating Activities</b>		
Decrease in net assets	\$ (163,480)	\$ (955,530)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	82,019	66,614
Land donated to other non profit	170,100	-
Paycheck Protection Program loan forgiveness	-	(371,900)
Donated investments	(93,601)	(98,228)
(Gains) losses on investments	(318,274)	921,091
(Increase) decrease in operating assets:		
Accounts receivable	68	(216)
Grants receivable	(40,494)	(398,311)
Pledges receivable	(1,013,002)	1,000
Bequests receivable	-	87,500
Inventory	(41,360)	(26,234)
Prepaid expenses	(7,081)	-
Increase (decrease) in operating liabilities:		
Accounts payable	9,365	36,934
Accrued payroll and related taxes	30,786	6,396
Other accrued expenses	(3,368)	5,586
Deferred income	(73,110)	10,704
<b>Net Cash Used by Operating Activities</b>	<u>(1,461,432)</u>	<u>(714,594)</u>
<b>Investing Activities</b>		
Purchase of fixed assets	(157,627)	(129,908)
Proceeds from sales of investments	7,531,891	6,811,981
Purchase of investments	(5,732,447)	(6,437,253)
<b>Net Cash Provided by Investing Activities</b>	<u>1,641,817</u>	<u>244,820</u>
<b>Increase (Decrease) in Cash</b>	<b>180,385</b>	<b>(469,774)</b>
Cash at beginning of year	<u>1,366,557</u>	<u>1,836,331</u>
<b>Cash at End of Year</b>	<u><u>\$ 1,546,942</u></u>	<u><u>\$ 1,366,557</u></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'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 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. At April 30, 2023, the Organization's uninsured and uncollateralized cash balances totaled \$1,010,808. The Organization has not experienced 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, 2023. The Organization's receivables, while subject to credit risk, do not represent any significant concentrations in any sectors.

## 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, 2023.

#### **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 year ended April 30, 2023 was \$82,019.

#### **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 \$12,003 for the year ended April 30, 2023.

##### Contributions of Nonfinancial Assets

The Organization records donated goods and services at fair value at the date of donation. For the year ended April 30, 2023, there was \$42,223 in contributions of nonfinancial assets 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 2020 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.

##### 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, 2022, from which the summarized information was derived.

##### New Accounting Pronouncement

On May 1, 2022, Maine Audubon Society adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), and all subsequent amendments (collectively, "ASC 842" or "Topic 842"). The core principle of Topic 842 is that a lessee should recognize a right-of-use ("ROU") asset and a related lease liability on the balance sheet for most leases. The Organization adopted ASC 842 using the transition alternative provided by ASU 2018-11 Leases (Topic 842) - Targeted Improvements, under which an entity initially applies ASC 842 to all leases existing at the adoption date, and comparative periods are presented in the financial statements under the legacy lease guidance of ASC 840. Under the transition alternative, all relevant transition disclosures are provided as of the beginning of the period of adoption (May 1, 2022) rather than at the beginning of the earliest period presented.

## Notes to Financial Statements

### Maine Audubon Society

#### Note A - Summary of Significant Accounting Policies - Continued

##### New Accounting Pronouncement

Maine Audubon Society has evaluated the applicability of ASC 842, and has determined that there are no such lease agreements.

#### Note B - Investments

Investments are composed of the following at April 30, 2023:

Restricted by donors for endowment – designated purpose	\$ 3,842,975
Restricted by donors for endowment – nonspendable	1,571,893
Designated by Board for endowment	<u>11,165,378</u>
	<u>\$ 16,580,246</u>

Investments consist of various securities and are stated at fair value as of April 30, 2023 as follows:

Money Market Funds	\$ 113,246
Bonds	3,578,000
Mutual Funds - Equity	<u>12,889,000</u>
	<u>\$ 16,580,246</u>

Investment returns from these investments for the year ended April 30, 2023 are summarized as follows:

Interest and dividend income	\$ 288,646
Net realized and unrealized gain on investments	<u>318,274</u>
	<u>\$ 606,920</u>

## Notes to Financial Statements

# 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.

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, 2023:

	Level 1	Level 2	Level 3	Total
Investments:				
Money Market Funds	\$ 113,246	\$ -	\$ -	\$ 113,246
Bonds	3,578,000	-	-	3,578,000
Mutual Funds - Equity	12,889,000	-	-	12,889,000
Total Investments	<u>\$ 16,580,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,580,246</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**

### **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

### 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 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.

Changes in endowment net assets for the year ended April 30, 2023 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 12,070,896	\$ 5,896,919	\$ 17,967,815
Contributions received	1,813	-	1,813
Investment return:			
Investment return	226,715	61,931	288,646
Net realized and unrealized gains	<u>247,609</u>	<u>70,665</u>	<u>318,274</u>
Total investment return	474,324	132,596	606,920
Appropriation of endowment assets for expenditure	<u>(1,381,655)</u>	<u>(614,647)</u>	<u>(1,996,302)</u>
Endowment net assets, end of year	<u>\$ 11,165,378</u>	<u>\$ 5,414,868</u>	<u>\$ 16,580,246</u>

#### Note E - Land, Buildings, and Equipment

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

	<u>2023</u>
Buildings and improvements	\$ 2,905,607
Equipment and fixtures	892,356
Land improvements	<u>72,185</u>
	3,870,148
Less accumulated depreciation	<u>2,890,944</u>
	<u>\$ 979,204</u>



## Notes to Financial Statements

### Maine Audubon Society

#### Note F - Conservation Property

The balance of the property for conservation account is comprised of the following as of April 30, 2023:

	<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
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. During the year ended April 30, 2023, the Organization did not receive or purchase any conservation easements.

#### 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, 2023 \$1,314,250 has been raised and pledged towards the campaign. As of April 30, 2023, \$209,000 of the balance has already been received, the amount remaining is included in pledges receivable. From the amount raised and pledged, \$1,285,750 came from current board members. The first wave of renovation and building is planned to start in 2025.

Unconditional pledges receivable consist of the following at April 30, 2023:

Receivable in less than one year (other than capital campaign)	\$	34,490
Receivable in less than one year (capital campaign)		82,250
Receivable in one to five years (capital campaign)		<u>1,023,500</u>
		1,140,240
Less: discounts to net present value (capital campaign)		<u>(126,238)</u>
Net unconditional pledges receivable	\$	<u><u>1,014,002</u></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 at April 30, 2023 was \$89,919.

#### Note J - Thrive Maine Program Loan

During the year ended April 30, 2023, Maine Audubon Society received a loan through the Finance Authority of Maine Covid Relief “Thrive Maine” Program, established as part of the 2021 American Rescue Plan Act. The \$58,074 loan is to be forgiven if an event of default does not occur. The Organization must maintain significant operations for 4 years from the date of the agreement, and must abide by applicable laws, and not make any false or misleading representations.

## Notes to Financial Statements

### Maine Audubon Society

#### Note J - Thrive Maine Program Loan - Continued

The loan is to be forgiven in annual increments of 25% of the loan until the maturity date of December 8, 2026. For any portion of the loan not forgiven, principal and interest payments are due and payable immediately upon demand, with interest at a rate of 0% and principal in an amount so that the remaining loan balance fully amortized by the maturity date of December 8, 2026.

During the year ended April 30, 2023, the Organization recognized the entire balance of \$58,074 as Other Income, on the accompanying Statement of Activities.

#### Note K - Net Assets with Donor Restrictions

Net assets with donor restrictions for the year ended April 30, 2023:

*Subject to expenditure for specified purpose:*

Properties	\$ 657,187
Education	1,486,079
Conservation and advocacy	485,319
Operations	2,589,461
Future periods - Capital Campaign	<u>1,328,551</u>
	6,546,597

*Not subject to appropriation or expenditure:*

Properties	234,164
Education	359,167
Conservation and advocacy	173,106
Operations	<u>810,001</u>
	1,576,438
Total net assets with donor restrictions	<u>\$ 8,123,035</u>

#### Note L - Board Designated Net Assets

Board designated net assets (which are included in net assets without restrictions) consist of the following at April 30, 2023:

General Endowment	<u>\$ 11,165,378</u>
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Notes to Financial Statements

Maine Audubon Society

Note M - 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, 2023, 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, 2023:

Financial assets, at year-end	\$ 19,599,593
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose restrictions	(5,218,046)
Subject to the passage of time	(1,328,551)
Not subject to appropriation or expenditure	(1,576,440)
Board designations:	
Board-restricted endowment	<u>(11,165,378)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 311,178</u>

The Organization’s financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements in 2024.

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 N - 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 at April 30:

	<u>2023</u>
<i>Revenue Recognized at a Point in Time</i>	
Sales: Gift Shop Sales	\$ 452,759
Program Fees: Field Trips	3,125
Program Fees: Public and Adult Programs	11,864
Program Fees: Other	<u>26,715</u>
Total contract revenue recognized at a point in time	494,463
<i>Revenue Recognized Over Time</i>	
Program Fees: Summer and Vacation Camps	91,773
Program Fees: Other	<u>57,385</u>
Total contract revenue recognized over time	<u>149,158</u>
Total Revenue from Contracts with Customers	<u>\$ 643,621</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. No such balances exist as of April 30, 2023.

##### Receivables

The Organization has no accounts receivable from contracts with customers at April 30, 2023.

##### 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.

## Notes to Financial Statements

### Maine Audubon Society

#### Note N - Revenue Recognition - Continued

##### 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 components.

#### 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 \$105,472 during the year ended April 30, 2023.

#### Note P - Subsequent Events

Management has made an evaluation of subsequent events to and including March 8, 2024, 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.