

ILLINOIS AUDUBON SOCIETY
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
MARCH 31, 2023 AND 2022

Illinois Audubon Society

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LORI K. MILOSEVICH-LAHR, C.P.A.
TERRI L. PHELPS, C.P.A.
JAMES C. LEGG, C.P.A.
DANIEL J. CODY, C.P.A.
RICHARD W. OGDEN, C.P.A.

Estes, Bridgewater & Ogden

CERTIFIED PUBLIC ACCOUNTANTS

901 South Second Street, Suite 300
Springfield, Illinois 62704
217/528-8473
Fax 217/528-8506



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Illinois Audubon Society

Opinion

We have audited the accompanying financial statements of Illinois Audubon Society (a nonprofit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, 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 Illinois Audubon Society as of March 31, 2023 and 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Illinois Audubon Society and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Illinois Audubon Society's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Illinois 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 Illinois 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Schedule 1 Schedules of Activities - Budget to Actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountants
Springfield, Illinois

October 2, 2023

Illinois Audubon Society
STATEMENTS OF FINANCIAL POSITION
 March 31, 2023 and 2022

Statement 1

<u>Assets</u>	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 263,232	\$ 849,818
Investments	33,043,244	35,866,382
Miscellaneous receivable	-	227,534
Prepaid expenses	<u>773</u>	<u>-</u>
Total Current Assets	<u>33,307,249</u>	<u>36,943,734</u>
PROPERTY AND EQUIPMENT – NET	<u>8,726,726</u>	<u>7,865,536</u>
OTHER ASSETS		
Endowment	385,993	385,993
Restricted cash	1,336,694	1,076,074
Restricted grant receivable	62,300	62,300
Restricted investments	3,433,824	938,783
Restricted property	<u>2,151,655</u>	<u>2,151,655</u>
Total Other Assets	<u>7,370,466</u>	<u>4,614,805</u>
TOTAL ASSETS	<u>\$49,404,441</u>	<u>\$49,424,075</u>
<u>Liabilities and Net Assets</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ <u>459</u>	\$ <u>831</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	194,157	17,075,470
In Property and equipment	8,726,726	7,865,536
Board designated	<u>33,112,633</u>	<u>19,867,433</u>
Total without donor restrictions	<u>42,033,516</u>	<u>44,808,439</u>
With donor restrictions	<u>7,370,466</u>	<u>4,614,805</u>
Total net assets	<u>49,403,982</u>	<u>49,423,244</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$49,404,441</u>	<u>\$49,424,075</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF ACTIVITIES

For the Years Ended March 31, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	Without Donor Restrictions	With Donor Restrictions	2022 Total
REVENUE AND SUPPORT						
Donations.....	\$ 507,196	\$ 707,468	\$ 1,214,664	\$32,470,159	-	\$32,470,159
Net investment income	(913,580)	-	(913,580)	124,494	-	124,494
Membership dues.....	85,630	-	85,630	92,675	-	92,675
Contract and grant income.....	-	681,914	681,914	-	889,289	889,289
Farm income.....	35,046	-	35,046	29,253	-	29,253
Programs and projects	15,582	-	15,582	87,539	-	87,539
Other income	10	-	10	9,012	-	9,012
Total revenue and support	(270,116)	1,389,382	1,119,266	32,813,132	889,289	33,702,421
Net assets released from restrictions	(1,366,279)	1,366,279	-	2,189,052	(2,189,052)	-
Total revenue and support	(1,636,395)	2,755,661	1,119,266	35,002,184	(1,299,763)	33,702,421
EXPENSES						
Program	892,507	-	892,507	1,511,341	-	1,511,341
Management and general.....	233,071	-	233,071	233,039	-	233,039
Membership development and fundraising.....	12,950	-	12,950	12,598	-	12,598
Total expenses.....	1,138,528	-	1,138,528	1,756,978	-	1,756,978
CHANGE IN NET ASSETS.....	(2,774,923)	2,755,661	(19,262)	33,245,206	(1,299,763)	31,945,443
NET ASSETS AT BEGINNING OF YEAR	44,808,439	4,614,805	49,423,244	11,563,233	5,914,568	17,477,801
NET ASSETS AT END OF YEAR.....	\$42,033,516	\$ 7,370,466	\$49,403,982	\$44,808,439	\$ 4,614,805	\$49,423,244

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended March 31, 2023 and 2022

	Program	Management and General	Member Development and Fundraising	2023 Total	Program	Management and General	Member Development and Fundraising	2022 Total
Payroll and related.....	\$ 188,347	\$ 101,418	\$ -	\$ 289,765	\$ 201,277	\$ 108,380	\$ -	\$ 309,657
Other operating.....	71,228	45,327	12,950	129,505	72,481	44,091	12,598	129,170
Publication.....	38,842	-	-	38,842	44,850	-	-	44,850
Maintenance and utilities.....	14,168	9,445	-	23,613	16,114	10,742	-	26,856
Professional fees.....	8,603	20,074	-	28,677	7,915	18,468	-	26,383
Special events and projects.....	42,566	-	-	42,566	69,598	-	-	69,598
Restoration and stewardship.....	370,501	-	-	370,501	225,750	-	-	225,750
Travel and meeting.....	4,419	2,946	-	7,365	2,465	1,644	-	4,109
Depreciation.....	46,938	31,292	-	78,230	43,889	29,259	-	73,148
Taxes and fees.....	-	22,569	-	22,569	-	20,455	-	20,455
Investment fees.....	106,895	-	-	106,895	127,675	-	-	127,675
Loss on sale of asset.....	-	-	-	-	699,327	-	-	699,327
TOTAL EXPENSES	\$ 892,507	\$ 233,071	\$ 12,950	\$1,138,528	\$1,511,341	\$ 233,039	\$ 12,598	\$1,756,978

The accompanying notes are an integral part of these financial statements.

Illinois Audubon Society
STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2023 and 2022

Statement 4

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets.....	(\$ 19,262)	\$31,945,443
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized (gain) loss on investments	649,937	(53,071)
Unrealized (gain) loss on investments.....	1,186,810	89,210
Realized (gain) loss on sale of land	-	699,327
Depreciation.....	78,229	73,148
Changes in assets and liabilities:		
Grant receivable	-	(27,300)
Accounts payable and accrued expenses	(372)	645
Prepaid expenses.....	(773)	-
Miscellaneous receivable	<u>227,534</u>	<u>(1,282)</u>
Net cash flows from operating activities	<u>2,122,103</u>	<u>32,726,120</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments.....	4,437,940	3,653,803
Purchase of investments	(5,946,590)	(36,614,355)
Purchase of property and equipment	(939,419)	(1,624,143)
Sale of land	<u>-</u>	<u>525,520</u>
Net cash flows from investing activities.....	(2,448,069)	(34,059,175)
NET CASH FLOWS.....	(325,966)	(1,333,055)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
AT BEGINNING OF YEAR	<u>1,925,892</u>	<u>3,258,947</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
AT END OF YEAR.....	<u>\$ 1,599,926</u>	<u>\$ 1,925,892</u>
Reconciliation of cash, cash equivalents and restricted cash at end of year with the Statement of Financial Position to the Statement of Cash Flows:		
Cash and cash equivalents.....	\$ 263,232	\$ 849,818
Restricted cash.....	<u>1,336,694</u>	<u>1,076,074</u>
	<u>\$ 1,599,926</u>	<u>\$ 1,925,892</u>

The accompanying notes are an integral part of these financial statements.

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2023 and 2022

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities - The Illinois Audubon Society (the Society) is a private, nonprofit organization dedicated to the perpetuation and appreciation of the native flora and fauna of Illinois and the habitats that support them. The Society's work includes the initiation, assistance and support for programs that seek to protect the native plants and animals and their unique environments, and to educate and involve the public in their protection and appreciation.
2. Basis of Accounting - The books and records of the Society are maintained on the accrual basis of accounting. Contributions are recorded in the period an unconditional promise to give is received, other revenues are recognized when earned, and expenses are recognized when incurred.

Donated noncash assets are recorded at fair value when received. Donated services that create or enhance nonfinancial assets, are provided by individuals possessing specialized skills, and would typically be purchased, are recorded at fair value in the period received.

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Society's management and the board of directors.

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

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

4. Cash Equivalents - For purposes of the statement of cash flows, the Society considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless they are maintained within an investment portfolio.
5. Investments - Investments are carried at fair value. Accounting principles generally accepted in the United States of America defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value should be based on assumptions that market participants would use, including a consideration of non-performance risk. Realized and unrealized gains and losses are included in the statement of activities. The Society follows the practice of widely diversifying its investments to mitigate concentrations of credit risk with respect to investments.
6. Property, Improvements, and Equipment - The Society capitalizes property, improvements, and equipment with an individual value of \$500 or more at cost when purchased or estimated fair value when donated. Buildings, land improvements, equipment and furnishings are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	40 years
Land improvements	15 years
Equipment and furnishings	5 – 10 years

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2023 and 2022

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

7. Use of Estimates - Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
8. Income Taxes - The Society is exempt from Federal and State income taxes on related income under Section 501(a) of the Internal Revenue Code, as a not-for-profit organization described under Section 501(c)(3) of the Code. In addition, the Society has been classified as an organization that is not a private foundation under Section 509(a)1.

The Society follows accounting principles generally accepted in the United States of America related to the accounting for uncertainty in income taxes, which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The Society has reviewed the tax positions taken for the open tax years as of March 31, 2023, and it was determined that no provision for uncertain tax positions is required. The federal tax returns prior to 2020 are closed.

9. Functional Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services, management and general, fundraising, occupancy and supporting services benefited. Such allocations are determined by management on an equitable basis.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of March 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash, cash equivalents and restricted cash	\$ 1,599,926	\$ 1,925,892
Miscellaneous receivable	-	227,534
Grant receivable	62,300	62,300
Endowment and long-term investments	<u>36,863,061</u>	<u>37,191,158</u>
Total financial assets	38,525,287	39,406,884
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets (Note 8)	4,832,818	2,077,157
Donor-restricted endowment funds (Note 9)	<u>385,993</u>	<u>385,993</u>
Amount available for general expenditures within one year	<u>\$33,306,476</u>	<u>\$36,943,734</u>

The above table reflects donor-restricted and board-designated endowment funds as unavailable because it is the organization's intention to invest those resources for the long-term support of the organization. Note 8 provides more information about those funds and about the spending policies for all endowment funds.

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2023 and 2022

NOTE 3 – INVESTMENTS

Investments, at fair value, consisted of the following at March 31:

	<u>2023</u>	<u>2022</u>
Cash and equivalents	\$ 2,316,813	\$33,761,786
Common stock funds	546,652	-
Equity mutual funds	-	1,943,747
Fixed income exchange traded	13,542,830	1,485,625
Equity exchange traded	19,299,349	-
Hedge fund	700,000	-
Real estate index funds	<u>457,417</u>	<u>-</u>
Total	<u>\$36,863,061</u>	<u>\$37,191,158</u>

Investments by net asset class at March 31:

	<u>2023</u>	<u>2022</u>
Unrestricted investments	\$33,043,244	\$35,866,382
Endowment	385,993	385,993
Restricted investments	<u>3,433,824</u>	<u>938,783</u>
Total	<u>\$36,863,061</u>	<u>\$37,191,158</u>

The components of net investment income were as follows for the years ended March 31:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 923,167	\$ 160,633
Net (losses) gains	(<u>1,836,747</u>)	(<u>36,139</u>)
Total	(<u>\$ 913,580</u>)	\$ <u>124,494</u>

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2023 and 2022

NOTE 4 – FAIR VALUE MEASUREMENTS

The Society reports fair value measures using a three-level hierarchy that prioritizes the input used to measure fair value. This hierarchy requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Society has access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in markets that are not active;
- Observable inputs other than quoted prices for the asset or liability; and
- Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Fair value of investments measured on a recurring basis at March 31, 2023 and 2022 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>March 31, 2023</u>				
Investments -				
Interest bearing accounts	\$ 2,316,813	\$ 2,316,813	\$ -	\$ -
Exchange traded funds	32,842,179	32,842,179	-	-
Common stocks funds	546,652	546,652		
Hedge fund	700,000	-	700,000	-
Real estate index funds	<u>457,417</u>	<u>457,417</u>	<u>-</u>	<u>-</u>
	<u>\$36,863,061</u>	<u>\$36,163,061</u>	<u>\$ 700,000</u>	<u>\$ -</u>
<u>March 31, 2022</u>				
Investments -				
Interest bearing accounts	\$33,761,786	\$33,761,786	\$ -	\$ -
Bonds and bond mutual funds	1,485,625	1,485,625	-	-
Stocks and stock mutual funds	1,943,747	1,943,747	-	-
Certificates of deposit and repurchase agreements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$37,191,158</u>	<u>\$37,191,158</u>	<u>\$ -</u>	<u>\$ -</u>

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2023 and 2022

NOTE 5 – PROPERTY, IMPROVEMENTS, AND EQUIPMENT

Property, improvements, and equipment consisted of the following at March 31:

	<u>2023</u>	<u>2022</u>
H & B Bremer Wildlife Sanctuary -approximately 204 acres -Montgomery County, Illinois.....	\$ 167,475	\$ 167,475
Adams Wildlife Sanctuary and state headquarters land -approximately 39 acres -Sangamon County, Illinois.....	345,692	345,692
War Bluff Valley Wildlife Sanctuary * -approximately 525 acres -Pope County, Illinois.....	321,044	321,044
Robert & Patricia Merrill Property -approximately 7.5 acres -Sangamon County, Illinois.....	30,000	30,000
Karcher’s Post Oak Woods Nature Preserve * -approximately 40 acres -Hamilton County, Illinois.....	19,792	19,792
Robert Ridgway Grassland Nature Preserve * -approximately 40 acres -Jasper County, Illinois.....	100,008	100,008
Karl Bartel Wildlife Sanctuary Land and Water Preserve * -approximately 80 acres -Marion County, Illinois.....	118,092	118,092
Graber Grasslands Land and Water Reserve * -approximately 40 acres -Jasper County, Illinois.....	95,852	95,852
Plum Island Property -approximately 45 acres -LaSalle County, Illinois.....	367,648	367,648
Hartman Spring Nature Preserve * -approximately 40 acres -Pulaski County, Illinois.....	109,232	109,232

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2023 and 2022

NOTE 5 – PROPERTY, IMPROVEMENTS, AND EQUIPMENT, continued

	<u>2023</u>	<u>2022</u>
Amboy Marsh Wildlife Sanctuary *		
-approximately 302 acres		
-Lee County, Illinois.....	\$ 1,612,854	\$ 1,612,854
Gremel Wildlife Sanctuary		
-approximately 395 acres		
-Lee County, Illinois.....	2,133,428	2,133,428
Gableman Sanctuary		
-approximately 29 acres		
-Lee County, Illinois.....	312,487	312,487
Chillicothe Bottoms Property		
-approximately 232 acres		
-Peoria County, Illinois.....	737,141	737,141
Hopewell Property		
-approximately 15.1 acres		
-Marshall County, Illinois.....	61,717	61,717
Fern Ridge Property		
-approximately 3.25 acres		
-Marshall County, Illinois.....	13,283	13,283
Stewart Lake East Property		
-approximately 778 acres		
-Mason County, Illinois.....	852,000	852,000
Gowin Property		
-approximately 75 acres		
-Jasper County, Illinois.....	879,476	-
Ryback		
-approximately 20 acres		
-Lee County, Illinois.....	117,898	117,898
Camp Lakota		
-approximately 160 acres		
-McHenry County, Illinois	110,764	110,764

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2023 and 2022

NOTE 5 – PROPERTY, IMPROVEMENTS, AND EQUIPMENT, continued

	<u>2023</u>	<u>2022</u>
Pilcher Park		
-approximately 3.15 acres		
-Will County, Illinois.....	\$ 194,769	\$ 194,769
Grigalauski		
-approximately 79.16 acres		
-Lee County, Illinois.....	421,034	421,034
Bottlemey Tract		
-approximately 76.26 acres		
-McHenry County, Illinois	35,000	35,000
Zellhofer		
-approximately 133 acres		
-Lee County, Illinois.....	<u>799,567</u>	<u>799,567</u>
Total sanctuary and other land.....	9,956,253	9,076,777
Buildings and other improvements	1,107,037	1,102,172
Equipment and furniture.....	<u>560,599</u>	<u>505,521</u>
	11,623,889	10,684,470
Less: accumulated depreciation.....	(<u>745,508</u>)	(<u>667,279</u>)
	<u>\$10,878,381</u>	<u>\$10,017,191</u>
Property and equipment, by net asset class:		
Without restrictions.....	\$ 8,726,726	\$ 7,865,536
With restrictions.....	<u>2,151,655</u>	<u>2,151,655</u>
	<u>\$10,878,381</u>	<u>\$10,017,191</u>

* = These properties have easements attached. See Note 12.

NOTE 6 – GRANT RECEIVABLE

Grant receivable consists primarily of program grants. The Society considers receivables to be fully collectible, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2023 and 2022

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets consisted of the following at March 31:

	<u>2023</u>	<u>2022</u>
Undesignated:		
Property and equipment.....	\$ 8,726,726	\$ 7,865,536
Other undesignated	<u>194,157</u>	<u>17,075,470</u>
Total undesignated	<u>8,920,883</u>	<u>24,941,006</u>
Board designated for:		
Operating reserve.....	64,389	236,340
Permanent investment.....	33,043,244	17,662,263
Stewardship and Land acquisition.....	-	1,968,830
Other	<u>5,000</u>	<u>-</u>
Total board designated.....	<u>33,112,633</u>	<u>19,867,433</u>
Total net assets without donor restrictions	<u>\$42,033,516</u>	<u>\$44,808,439</u>

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at March 31:

	<u>2023</u>	<u>2022</u>
Sanctuary preservation	\$ -	\$ 4,298
Other	4,832,818	2,072,859
Properties that must be held in perpetuity as wildlife sanctuaries	355,655	355,655
Property for which any sale proceeds must be reinvested in sanctuary property in perpetuity	1,796,000	1,796,000
Endowment.....	<u>385,993</u>	<u>385,993</u>
Total net assets with donor restrictions	<u>\$ 7,370,466</u>	<u>\$ 4,614,805</u>

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2023 and 2022

NOTE 9 – ENDOWMENT FUND

The Society's endowment consists of a donor-restricted donation for the purpose of funding programs. Net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The fund is a donor-restricted endowment fund. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the organizations indefinitely and income from the fund is to be expended for program services. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Illinois enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective June 30, 2009. UPMIFA establishes law for the management and investment of donor-restricted endowment funds. Donor-restricted endowment funds are subject to a time restriction imposed by UPMIFA until amounts are appropriated for expenditure by the organization. In addition, most donor restricted endowment funds are subject to restrictions on the use of the appropriated amounts. As a result, donor-restricted endowment funds are classified as net assets with donor restrictions.

UPMIFA permits the organization to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. In making its determination to appropriate or accumulate, the organization must act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and it must consider, if relevant, the following factors:

- The duration and preservation of the endowment fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization.

The Board of Directors of the organizations have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the purchasing power (real value) of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The original gift is defined by the organization as (1) the original value of gifts donated to the donor-restricted endowment, (2) the original value of any subsequent gifts to the donor-restricted endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument as the time the accumulation is added to the fund. If the endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' real value, that excess is available for appropriation and, therefore, classified as donor-restricted net assets until appropriated by the Board for expenditure. If the value of a donor-restricted endowment fund falls below 75% of the original gift, the Board of Directors will cease spending until its value exceeds the original gift.

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2023 and 2022

NOTE 9 – ENDOWMENT FUND, Continued

The composition of endowment net assets and the changes in endowment net assets as of March 31, 2023 and 2022 are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets, March 31, 2021	\$385,993
Contributions.....	—
Endowment net assets, March 31, 2022	385,993
Contributions.....	—
Endowment net assets, March 31, 2023	<u>\$385,993</u>

NOTE 10 – CONCENTRATION OF CREDIT RISK

Illinois Audubon Society maintains cash balances in commercial banks. At times during the years ended March 31, 2023 and 2022, balances on deposit exceeded Federal Deposit Insurance Corporation (FDIC) insured limits. Cash equivalent amounts invested in the Sweep Investment Account are not insured nor guaranteed by the FDIC.

NOTE 11 – CONTINGENCY

While prescribed burning of sanctuary lands is a desirable practice, which is encouraged by federal and Illinois natural resource management organizations, it poses a risk which could result in loss due to damage of neighboring properties. The Society's Sanctuary Committee has developed policies and procedures for prescribed burns to be in compliance with the due diligence provision of the Illinois Prescribed Burning Act. These policies and procedures should help mitigate the risk of such losses and, under terms of the act, reduce the likelihood of material judgments against the Society for any such damages.

NOTE 12 – RETIREMENT PLAN

Full time employees of the Society who meet minimum age and service requirements are eligible to participate in the Section 403(b) retirement plan. Elective contributions made to the plan by employees are matched up to 3% by the Society. For the year ended March 31, 2023 and 2022, the Society's match totaled \$7,031 and \$7,650, respectively, and was reported in salary and related expenses.

NOTE 13 – PROPERTY EASEMENTS

As stated in the summary of significant accounting policies, property is capitalized at cost when purchased or estimated fair value when received as a donation. Easements that are attached to the property, however, may cause a decline in the value of the property.

NOTE 14 – SUBSEQUENT EVENTS

The Society assessed events that have occurred subsequent to March 31, 2023 through October 2, 2023, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

Illinois Audubon Society
SCHEDULES OF ACTIVITIES – BUDGET TO ACTUAL
For the Years Ended March 31, 2023 and 2022

Schedule 1

	Actual 2023	Budget 2023	Actual 2022
REVENUE AND SUPPORT			
Donations.....	\$ 1,214,664	\$ 65,000	\$32,470,159
Net investment income.....	(913,580)	1,013,592	124,494
Membership dues.....	85,630	100,000	92,675
Contract and grant income.....	681,914	145,720	889,289
Farm income.....	35,046	35,190	29,253
Programs and projects	15,582	25,400	87,539
Other income	<u>10</u>	<u>-</u>	<u>9,012</u>
Total revenue and support	<u>1,119,266</u>	<u>1,384,902</u>	<u>33,702,421</u>
EXPENSES			
Payroll and related	289,765	313,370	309,657
Other operating	129,505	177,340	129,170
Publication	38,842	46,350	44,850
Maintenance and utilities.....	23,613	9,060	26,856
Capital improvement	-	289,800	-
Professional fees	28,678	26,985	26,383
Special events and projects.....	42,566	68,000	69,598
Restoration and stewardship.....	370,501	542,550	225,750
Travel and meeting	7,365	18,100	4,109
Depreciation.....	78,230	-	73,148
Taxes and fees	22,568	16,105	20,455
Investment fees	106,895	111,650	127,675
Loss on sale of asset	<u>-</u>	<u>-</u>	<u>699,327</u>
Total Expenses.....	<u>1,138,528</u>	<u>1,619,310</u>	<u>1,756,978</u>
CHANGE IN NET ASSETS	(19,262)	(\$ <u>234,408</u>)	31,945,443
NET ASSETS – BEGINNING OF YEAR.....	<u>49,423,244</u>		<u>17,477,801</u>
NET ASSETS – END OF YEAR.....	<u>\$49,403,982</u>		<u>\$49,423,244</u>