

**ILLINOIS AUDUBON SOCIETY**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEARS ENDED**  
**MARCH 31, 2018 AND 2017**

Illinois Audubon Society

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# Estes, Bridgewater & Ogden

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of the Illinois Audubon Society

We have audited the accompanying financial statements of the Illinois Audubon Society (a nonprofit organization), which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Illinois Audubon Society as of March 31, 2018 and 2017, 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.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Schedule I - Schedules of Activities - Budget to Actual are presented for purposes of additional analysis and are 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.

*Estes, Bridgwater + Ogden*

Certified Public Accountants  
Springfield, Illinois

September 6, 2018

Illinois Audubon Society  
**STATEMENTS OF FINANCIAL POSITION**  
 March 31, 2018 and 2017

Statement 1

<u>Assets</u>	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents .....	\$ 593,794	\$ 462,385
Investments .....	3,532,704	3,846,612
Grants receivable .....	<u>54,048</u>	<u>13,106</u>
Total Current Assets .....	<u>4,180,546</u>	<u>4,322,103</u>
<b>PROPERTY AND EQUIPMENT – NET .....</b>	<u>5,299,632</u>	<u>5,968,839</u>
<b>OTHER ASSETS</b>		
Endowment .....	385,989	-
Restricted investments .....	607,308	575,309
Restricted property .....	<u>2,151,655</u>	<u>2,151,655</u>
Total Other Assets .....	<u>3,144,952</u>	<u>2,726,964</u>
<b>TOTAL ASSETS.....</b>	<b><u>\$12,625,130</u></b>	<b><u>\$13,017,906</u></b>
<u>Liabilities and Net Assets</u>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses.....	\$ 1,400	\$ 5,695
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated .....	270,629	76,723
In Property and equipment .....	5,299,632	5,968,839
Board designated .....	<u>3,908,517</u>	<u>3,882,888</u>
Total unrestricted .....	9,478,778	9,928,450
Temporarily restricted .....	607,308	356,797
Permanently restricted .....	<u>2,537,644</u>	<u>2,726,964</u>
Total net assets.....	<u>12,623,730</u>	<u>13,012,211</u>
<b>TOTAL LIABILITIES AND NET ASSETS .....</b>	<b><u>\$12,625,130</u></b>	<b><u>\$13,017,906</u></b>

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

Illinois Audubon Society  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended March 31, 2018 and 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>
<b>REVENUE AND SUPPORT</b>				
Donations.....	\$ 141,682	\$ 17,631	\$ 385,989	\$ 545,302
Net investment income.....	93,708	-	-	93,708
Membership dues.....	87,031	-	-	87,031
Contract and grant income.....	-	887,180	-	887,180
Farm income.....	28,352	-	-	28,352
Programs and projects.....	21,328	-	-	21,328
Other income.....	<u>1,946</u>	<u>-</u>	<u>-</u>	<u>1,946</u>
 Total revenue and support.....	 374,047	 904,811	 385,989	 1,664,847
 Net assets released from restrictions.....	 <u>1,229,609</u>	 ( <u>654,300</u> )	 ( <u>575,309</u> )	 <u>-</u>
 Total revenue and support.....	 <u>1,603,656</u>	 <u>250,511</u>	 ( <u>189,320</u> )	 <u>1,664,847</u>
<b>EXPENSES</b>				
Program.....	1,866,630	-	-	1,866,630
Management and general.....	179,547	-	-	179,547
Membership development and fundraising.....	<u>7,151</u>	<u>-</u>	<u>-</u>	<u>7,151</u>
 Total expenses.....	 <u>2,053,328</u>	 <u>-</u>	 <u>-</u>	 <u>2,053,328</u>
 <b>CHANGE IN NET ASSETS.....</b>	 ( 449,672)	 250,511	 ( 189,320)	 ( 388,481)
 <b>NET ASSETS AT BEGINNING OF YEAR.....</b>	 <u>9,928,450</u>	 <u>356,797</u>	 <u>2,726,964</u>	 <u>13,012,211</u>
 <b>NET ASSETS AT END OF YEAR.....</b>	 <u>\$ 9,478,778</u>	 <u>\$ 607,308</u>	 <u>\$ 2,537,644</u>	 <u>\$12,623,730</u>

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Total</u>
<b>REVENUE AND SUPPORT</b>				
Donations.....	\$ 217,659	\$ 8,686	\$ -	\$ 226,345
Net investment income.....	189,358	-	-	189,358
Membership dues.....	81,662	-	-	81,662
Contract and grant income.....	10,550	1,554,976	-	1,565,526
Farm income.....	31,099	-	-	31,099
Programs and projects .....	14,561	-	-	14,561
Other income .....	<u>1,471</u>	<u>-</u>	<u>-</u>	<u>1,471</u>
 Total revenue and support.....	 546,360	 1,563,662	 -	 2,110,022
 Net assets released from restrictions.....	 <u>1,679,295</u>	 ( <u>1,679,295</u> )	 <u>-</u>	 <u>-</u>
 Total revenue and support.....	 <u>2,225,655</u>	 ( <u>115,633</u> )	 <u>-</u>	 <u>2,110,022</u>
<b>EXPENSES</b>				
Program .....	537,169	-	-	537,169
Management and general.....	138,667	-	-	138,667
Membership development and fundraising...	<u>4,022</u>	<u>-</u>	<u>-</u>	<u>4,022</u>
 Total expenses .....	 <u>679,858</u>	 <u>-</u>	 <u>-</u>	 <u>679,858</u>
 <b>CHANGE IN NET ASSETS.....</b>	 1,545,797	 ( 115,633)	 -	 1,430,164
 <b>NET ASSETS AT BEGINNING OF YEAR .....</b>	 <u>8,382,653</u>	 <u>472,430</u>	 <u>2,726,964</u>	 <u>11,582,047</u>
 <b>NET ASSETS AT END OF YEAR.....</b>	 <u>\$ 9,928,450</u>	 <u>\$ 356,797</u>	 <u>\$ 2,726,964</u>	 <u>\$13,012,211</u>

Illinois Audubon Society  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended March 31, 2018 and 2017

	<u>Program</u>	<u>Management and General</u>	<u>Member Development and Fundraising</u>	<u>2018 Total</u>
Payroll and related .....	\$ 131,726	\$ 70,930	\$ -	\$ 202,656
Other operating .....	39,329	25,027	7,151	71,507
Publication .....	34,119	-	-	34,119
Maintenance and utilities.....	17,242	11,494	-	28,736
Professional fees.....	7,679	17,918	-	25,597
Special events and projects.....	25,270	-	-	25,270
Restoration and stewardship.....	214,211	-	-	214,211
Travel and meeting.....	5,550	3,700	-	9,250
Depreciation .....	29,051	19,367	-	48,418
Taxes and fees .....	-	4,480	-	4,480
Investment fees.....	-	26,631	-	26,631
Loss on sale of asset .....	<u>1,362,453</u>	-	-	<u>1,362,453</u>
<b>TOTAL EXPENSES.....</b>	<b><u>\$1,866,630</u></b>	<b><u>\$ 179,547</u></b>	<b><u>\$ 7,151</u></b>	<b><u>\$2,053,328</u></b>

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



	<u>Program</u>	<u>Management and General</u>	<u>Member Development and Fundraising</u>	<u>2017 Total</u>
Payroll and related.....	\$ 128,011	\$ 68,929	\$ -	\$ 196,940
Other operating.....	22,122	14,078	4,022	40,222
Publication.....	31,497	-	-	31,497
Maintenance and utilities.....	16,189	10,793	-	26,982
Professional fees.....	4,364	10,182	-	14,546
Special events and projects .....	55,195	-	-	55,195
Restoration and stewardship .....	91,424	-	-	91,424
Travel and meeting.....	4,558	3,038	-	7,596
Depreciation .....	23,391	15,594	-	38,985
Taxes and fees .....	-	11,696	-	11,696
Investment fees.....	-	4,357	-	4,357
Loss on sale of asset .....	<u>160,418</u>	<u>-</u>	<u>-</u>	<u>160,418</u>
<b>TOTAL EXPENSES .....</b>	<b><u>\$ 537,169</u></b>	<b><u>\$ 138,667</u></b>	<b><u>\$ 4,022</u></b>	<b><u>\$ 679,858</u></b>

Illinois Audubon Society  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended March 31, 2018 and 2017

Statement 4

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets .....	(\$ 388,481)	\$1,430,164
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized (gain) loss on investments.....	60,914	( 85,817)
Depreciation.....	48,418	38,985
Changes in assets and liabilities:		
Grants receivable .....	( 40,942)	7,000
Accounts payable and accrued expenses.....	( 4,295)	( 1,396)
Loss on sale of property.....	<u>1,362,453</u>	<u>160,418</u>
Net cash flows from operating activities .....	<u>1,038,067</u>	<u>1,549,354</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sale of investments.....	453,000	1,410,055
Purchase of investments .....	( 617,994)	( 962,367)
Purchase of property and equipment.....	( 1,292,130)	( 2,311,485)
Proceeds from sale of property.....	<u>550,466</u>	<u>119,401</u>
Net cash flows from investing activities .....	( <u>906,658</u> )	( <u>1,744,396</u> )
<b>NET CASH FLOWS.....</b>	<b>131,409</b>	<b>( 195,042)</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>462,385</u>	<u>657,427</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b><u>\$ 593,794</u></b>	<b><u>\$ 462,385</u></b>

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

Illinois Audubon Society  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended March 31, 2018 and 2017

**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 - Under accounting principles generally accepted in the United States of America for not-for-profit organizations, net assets and support are classified based on the existence or absence of donor-imposed restrictions, as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed restrictions. These include internally designated funds, since such designations may be reversed at any time. The Society also segregates unrestricted net assets in property and equipment in order to show these amounts are not currently available for operations.

*Temporarily Restricted Net Assets* – Net assets that are subject to donor-imposed stipulations that may or will be met either by occurrence of an event and/or passage of time. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported as assets released from restrictions in the statement of activities. Small contributions for which donor stipulations are net in the year of receipts are recorded as unrestricted support.

*Permanently Restricted Net Assets* – Net assets that are subject to donor-imposed stipulations that they be maintained in perpetuity and that income earned on any related investments may be used for general or specific purposes, based on the donors stipulation.

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, 2018 and 2017

**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, 2018, and it was determined that no provision for uncertain tax positions is required. The federal tax returns prior to 2015 are closed.

9. Reclassifications – Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

**NOTE 2 – INVESTMENTS**

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

	<u>2018</u>	<u>2017</u>
Cash and equivalents .....	\$ 123,314	\$ 497,597
Certificates of deposit.....	790,776	525,808
Equity mutual funds .....	1,676,262	1,083,884
Corporate debt .....	851,659	175,996
Equity securities.....	628,896	1,947,145
Municipal bonds .....	<u>455,094</u>	<u>191,491</u>
 Total .....	 <u>\$4,526,001</u>	 <u>\$4,421,921</u>

Investments by net asset class:

	<u>2018</u>	<u>2017</u>
Unrestricted investments .....	\$3,532,704	\$3,846,612
Endowment.....	385,989	-
Restricted investments.....	<u>607,308</u>	<u>575,309</u>
 Total .....	 <u>\$4,526,001</u>	 <u>\$4,421,921</u>

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

	<u>2018</u>	<u>2017</u>
Interest and dividends.....	\$ 154,622	\$ 103,541
Net (losses) gains.....	( 60,914)	<u>85,817</u>
 Total .....	 <u>\$ 93,708</u>	 <u>\$ 189,358</u>

Illinois Audubon Society  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended March 31, 2018 and 2017

**NOTE 3 – 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, 2018 and 2017 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>March 31, 2018</u>				
Investments -				
Interest bearing accounts .....	\$ 123,314	\$ 123,314	\$ -	\$ -
Bonds and bond mutual funds .....	1,306,753	1,306,753	-	-
Stocks and stock mutual funds .....	2,305,158	2,305,158	-	-
 Certificates of deposit and repurchase agreements.....	 <u>790,776</u>	 <u>-</u>	 <u>790,776</u>	 <u>-</u>
	<u>\$4,526,001</u>	<u>\$3,735,225</u>	<u>\$ 790,776</u>	<u>\$ -</u>
 <u>March 31, 2017</u>				
Investments -				
Interest bearing accounts .....	\$ 497,597	\$ 497,597	\$ -	\$ -
Bonds and bond mutual funds .....	367,487	367,487	-	-
Stocks and stock mutual funds .....	3,031,029	3,031,029	-	-
 Certificates of deposit and repurchase agreements.....	 <u>525,808</u>	 <u>-</u>	 <u>525,808</u>	 <u>-</u>
	<u>\$4,421,921</u>	<u>\$3,896,113</u>	<u>\$ 525,808</u>	<u>\$ -</u>

Illinois Audubon Society  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended March 31, 2018 and 2017

**NOTE 4 – PROPERTY, IMPROVEMENTS, AND EQUIPMENT**

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

	<u>2018</u>	<u>2017</u>
H & B Bremer Wildlife Sanctuary -approximately 204 acres -Montgomery County, Illinois.....	\$ 167,475	\$ 167,475
Adams Wildlife Sanctuary and state headquarters land -approximately 40 acres -Sangamon County, Illinois.....	340,000	340,000
War Bluff Valley Wildlife Sanctuary * -approximately 485 acres -Pope County, Illinois.....	200,780	200,780
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
Pilcher Park -approximately 80 acres -Will County, Illinois.....	-	1,912,919

Illinois Audubon Society  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended March 31, 2018 and 2017

**NOTE 4 – PROPERTY, IMPROVEMENTS, AND EQUIPMENT, continued**

	<u>2018</u>	<u>2017</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	2,138,370
Round Pond Sanctuary		
-approximately 339.50 acres		
-Pope County, Illinois.....	886,257	-
Gableman Sanctuary		
-approximately 29 acres		
-Lee County, Illinois.....	<u>312,487</u>	<u>-</u>
Total sanctuary and other land.....	6,493,905	7,213,022
Buildings and other improvements .....	984,663	984,663
Equipment and furniture.....	<u>360,096</u>	<u>261,768</u>
	7,838,664	8,459,453
Less: accumulated depreciation.....	( <u>387,377</u> )	( <u>338,959</u> )
	<u>\$7,451,287</u>	<u>\$8,120,494</u>
Property and equipment, by net asset class:		
Unrestricted.....	\$5,299,632	\$5,968,839
Permanently restricted .....	<u>2,151,655</u>	<u>2,151,655</u>
	<u>\$7,451,287</u>	<u>\$8,120,494</u>

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

Illinois Audubon Society  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended March 31, 2018 and 2017

**NOTE 5 – UNRESTRICTED NET ASSETS**

Unrestricted net assets consisted of the following at March 31:

	<u>2018</u>	<u>2017</u>
Property and equipment.....	\$5,299,632	\$5,968,839
Other undesignated.....	<u>270,629</u>	<u>76,723</u>
Total undesignated.....	<u>5,570,261</u>	<u>6,045,562</u>
Board designated for:		
Operating reserve.....	202,542	257,016
Permanent investment.....	1,504,436	1,394,478
Stewardship and Land acquisition.....	2,134,588	2,145,242
Other .....	<u>66,951</u>	<u>86,152</u>
Total board designated.....	<u>3,908,517</u>	<u>3,882,888</u>
Total unrestricted net assets.....	<u>\$9,478,778</u>	<u>\$9,928,450</u>

**NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at March 31:

	<u>2018</u>	<u>2017</u>
Sanctuary preservation .....	\$ 424,520	\$ 255,518
Charitable remainder trust – FBO War Bluff.....	97,382	97,382
Other .....	<u>85,406</u>	<u>3,897</u>
Total temporarily restricted net assets.....	<u>\$ 607,308</u>	<u>\$ 356,797</u>

**NOTE 7 – PERMANENTLY RESRICTED NET ASSETS**

Permanently restricted net assets consist of the following at March 31:

	<u>2018</u>	<u>2017</u>
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
Funds from the sales of land that must be reinvested in sanctuary property in perpetuity .....	-	575,309
Endowment.....	<u>385,989</u>	<u>-</u>
Total permanently restricted net assets.....	<u>\$2,537,644</u>	<u>\$2,726,964</u>



Illinois Audubon Society  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended March 31, 2018 and 2017

**NOTE 8 – 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.

Interpretation of Relevant Law

The Board of Directors of the Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Any remaining portion of the endowment that is not classified as permanently restricted net assets is classified as temporarily restricted until it is appropriated for disbursement.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires the Society to retain as a fund of perpetual duration. Any such deficiencies of this nature would be reported in unrestricted net assets. There were no such deficiencies at March 31, 2018.

Return Objectives and Risk Parameters

The Society has adopted investment and spending policies for endowment assets that attempt to provide a stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specified purpose. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term returns while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation and performance benchmarks.

Spending Policy

The Society's spending policy provides that income from the endowment may only be used for the purposes established at the creation of the endowment.

Illinois Audubon Society  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended March 31, 2018 and 2017

**NOTE 8 – ENDOWMENT FUND, Continued**

Financial Activity

Endowment fund net assets were classified as follows at March 31 and changes in endowment fund net assets were as follows for the years then ended:

	<u>Permanently Restricted</u>
Endowment fund net assets at March 31, 2017	\$ -
Contributions	<u>385,989</u>
Endowment fund net assets at March 31, 2018	<u>\$385,989</u>

**NOTE 9 – CONCENTRATION OF CREDIT RISK**

Illinois Audubon Society maintains cash balances in commercial banks. These deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. During the year, material uninsured balances exist due to timing of receipts and payments on property transactions. Management believes there is no significant risk of losses arising from these uninsured balances.

**NOTE 10 – 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 11 – 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 one and one-half percent by the Society. For the year ended March 31, 2018 and 2017, the Society's match totaled \$5,005 and \$4,352, respectively, and was reported in salary and related expenses.

**NOTE 12 – 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 13 – SUBSEQUENT EVENTS**

The Society assessed events that have occurred subsequent to March 31, 2018 through September 6, 2018, 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 2018 and 2017

Schedule 1

	<u>Actual</u> 2018	<u>Budget</u> 2018	<u>Actual</u> 2017
<b>REVENUE AND SUPPORT</b>			
Donations.....	\$ 545,302	\$ 180,130	\$ 226,345
Net investment income.....	93,708	91,840	189,358
Membership dues.....	87,031	86,500	81,662
Contract and grant income.....	887,180	88,500	1,565,526
Farm income.....	28,352	30,576	31,099
Programs and projects.....	21,328	89,274	14,561
Other income.....	<u>1,946</u>	<u>-</u>	<u>1,471</u>
 Total revenue and support.....	 <u>1,664,847</u>	 <u>566,820</u>	 <u>2,110,022</u>
<b>EXPENSES</b>			
Payroll and related.....	202,656	203,176	196,940
Other operating.....	71,507	120,920	40,222
Publication.....	34,119	26,250	31,497
Maintenance and utilities.....	28,736	18,475	26,982
Capital improvement.....	-	27,723	-
Professional fees.....	25,597	228,350	14,546
Special events and projects.....	25,270	113,682	55,195
Restoration and stewardship.....	214,211	-	91,424
Travel and meeting.....	9,250	4,500	7,596
Depreciation.....	48,418	-	38,985
Taxes and fees.....	4,480	12,650	11,696
Investment fees.....	26,631	-	4,357
Loss on disposal of an asset.....	<u>1,362,453</u>	<u>-</u>	<u>160,418</u>
 Total Expenses.....	 <u>2,053,328</u>	 <u>755,726</u>	 <u>679,858</u>
 <b>CHANGE IN NET ASSETS.....</b>	 <b>( 388,481)</b>	 <b>(\$ <u>188,906</u>)</b>	 <b>1,430,164</b>
 NET ASSETS AT BEGINNING OF YEAR.....	 <u>13,012,211</u>		 <u>11,582,047</u>
 <b>NET ASSETS AT END OF YEAR.....</b>	 <b><u>\$12,623,730</u></b>		 <b><u>\$13,012,211</u></b>