

**ILLINOIS AUDUBON SOCIETY**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**  
  
**FOR THE YEARS ENDED**  
**MARCH 31, 2019 AND 2018**

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, 2019 and 2018, 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, 2019 and 2018, 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 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.

*Estes, Bridgewater + Ogden*

Certified Public Accountants  
Springfield, Illinois

August 7, 2019

Illinois Audubon Society  
**STATEMENTS OF FINANCIAL POSITION**  
 March 31, 2019 and 2018

Statement 1

| <u>Assets</u>                                 | <u>2019</u>                | <u>2018</u>                |
|-----------------------------------------------|----------------------------|----------------------------|
| <b>CURRENT ASSETS</b>                         |                            |                            |
| Cash and cash equivalents .....               | \$ 483,508                 | \$ 593,794                 |
| Investments .....                             | 3,580,189                  | 3,532,704                  |
| Grants receivable .....                       | -                          | 54,048                     |
| Accounts receivable.....                      | <u>4,451</u>               | <u>-</u>                   |
| Total Current Assets .....                    | <u>4,068,148</u>           | <u>4,180,546</u>           |
| <b>PROPERTY AND EQUIPMENT – NET .....</b>     | <u>7,012,375</u>           | <u>5,299,632</u>           |
| <b>OTHER ASSETS</b>                           |                            |                            |
| Endowment.....                                | 385,989                    | 385,989                    |
| Restricted cash.....                          | 174,811                    | -                          |
| Restricted investments.....                   | 891,515                    | 607,308                    |
| Restricted property .....                     | <u>2,151,655</u>           | <u>2,151,655</u>           |
| Total Other Assets .....                      | <u>3,603,970</u>           | <u>3,144,952</u>           |
| <b>TOTAL ASSETS.....</b>                      | <b><u>\$14,684,493</u></b> | <b><u>\$12,625,130</u></b> |
| <u>Liabilities and Net Assets</u>             |                            |                            |
| <b>LIABILITIES</b>                            |                            |                            |
| Accounts payable and accrued expenses.....    | \$ <u>9,354</u>            | \$ <u>1,400</u>            |
| <b>NET ASSETS</b>                             |                            |                            |
| Without donor restrictions:                   |                            |                            |
| Undesignated .....                            | 1,662,444                  | 270,629                    |
| In Property and equipment .....               | 7,012,375                  | 5,299,632                  |
| Board designated .....                        | <u>2,396,350</u>           | <u>3,908,517</u>           |
| Total without donor restrictions.....         | <u>11,071,169</u>          | <u>9,478,778</u>           |
| With donor restrictions .....                 | <u>3,603,970</u>           | <u>3,144,952</u>           |
| Total net assets.....                         | <u>14,675,139</u>          | <u>12,623,730</u>          |
| <b>TOTAL LIABILITIES AND NET ASSETS .....</b> | <b><u>\$14,684,493</u></b> | <b><u>\$12,625,130</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, 2019 and 2018

|                                             | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>2019<br/>Total</u>      |
|---------------------------------------------|-------------------------------------------|----------------------------------------|----------------------------|
| <b>REVENUE AND SUPPORT</b>                  |                                           |                                        |                            |
| Donations.....                              | \$ 151,586                                | \$ 628,371                             | \$ 779,957                 |
| Investment income.....                      | 168,433                                   | -                                      | 168,433                    |
| Membership dues.....                        | 90,949                                    | -                                      | 90,949                     |
| Contract and grant income.....              | -                                         | 1,606                                  | 1,606                      |
| Farm income.....                            | 30,621                                    | -                                      | 30,621                     |
| Programs and projects .....                 | 17,505                                    | -                                      | 17,505                     |
| Other income .....                          | -                                         | -                                      | -                          |
| Donated land.....                           | <u>1,661,500</u>                          | <u>-</u>                               | <u>1,661,500</u>           |
| Total revenue and support .....             | 2,120,594                                 | 629,977                                | 2,750,571                  |
| Net assets released from restrictions ..... | <u>170,959</u>                            | ( <u>170,959</u> )                     | <u>-</u>                   |
| Total revenue and support .....             | <u>2,291,553</u>                          | <u>459,018</u>                         | <u>2,750,571</u>           |
| <b>EXPENSES</b>                             |                                           |                                        |                            |
| Program .....                               | 496,231                                   | -                                      | 496,231                    |
| Management and general.....                 | 193,030                                   | -                                      | 193,030                    |
| Membership development and fundraising..... | <u>9,901</u>                              | <u>-</u>                               | <u>9,901</u>               |
| Total expenses.....                         | <u>699,162</u>                            | <u>-</u>                               | <u>699,162</u>             |
| <b>CHANGE IN NET ASSETS.....</b>            | <b>1,592,391</b>                          | <b>459,018</b>                         | <b>2,051,409</b>           |
| <b>NET ASSETS AT BEGINNING OF YEAR.....</b> | <b><u>9,478,778</u></b>                   | <b><u>3,144,952</u></b>                | <b><u>12,623,730</u></b>   |
| <b>NET ASSETS AT END OF YEAR.....</b>       | <b><u>\$11,071,169</u></b>                | <b><u>\$ 3,603,970</u></b>             | <b><u>\$14,675,139</u></b> |

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

|                                                | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>2018<br/>Total</u>      |
|------------------------------------------------|-------------------------------------------|----------------------------------------|----------------------------|
| <b>REVENUE AND SUPPORT</b>                     |                                           |                                        |                            |
| Donations.....                                 | \$ 141,682                                | \$ 403,620                             | \$ 545,302                 |
| 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.....                              | 1,946                                     | -                                      | 1,946                      |
| Donated land.....                              | -                                         | -                                      | -                          |
| <br>Total revenue and support.....             | <br>374,047                               | <br>1,290,800                          | <br>1,664,847              |
| <br>Net assets released from restrictions..... | <br><u>1,229,609</u>                      | <br>( <u>1,229,609</u> )               | <br><u>-</u>               |
| <br>Total revenue and support.....             | <br><u>1,603,656</u>                      | <br><u>61,191</u>                      | <br><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>7,151</u>               |
| <br>Total expenses.....                        | <br><u>2,053,328</u>                      | <br><u>-</u>                           | <br><u>2,053,328</u>       |
| <b>CHANGE IN NET ASSETS.....</b>               | <b>( 449,672)</b>                         | <b>61,191</b>                          | <b>( 388,481)</b>          |
| <b>NET ASSETS AT BEGINNING OF YEAR.....</b>    | <b><u>9,928,450</u></b>                   | <b><u>3,083,761</u></b>                | <b><u>13,012,211</u></b>   |
| <b>NET ASSETS AT END OF YEAR.....</b>          | <b><u>\$ 9,478,778</u></b>                | <b><u>\$ 3,144,952</u></b>             | <b><u>\$12,623,730</u></b> |

Illinois Audubon Society  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended March 31, 2019 and 2018

|                                   | <u>Program</u>           | <u>Management<br/>and<br/>General</u> | <u>Member<br/>Development<br/>and<br/>Fundraising</u> | <u>2019<br/>Total</u>    |
|-----------------------------------|--------------------------|---------------------------------------|-------------------------------------------------------|--------------------------|
| Payroll and related.....          | \$ 138,505               | \$ 74,580                             | \$ -                                                  | \$ 213,085               |
| Other operating.....              | 54,454                   | 34,652                                | 9,901                                                 | 99,007                   |
| Publication.....                  | 35,051                   | -                                     | -                                                     | 35,051                   |
| Maintenance and utilities.....    | 10,418                   | 6,945                                 | -                                                     | 17,363                   |
| Professional fees.....            | 3,608                    | 8,418                                 | -                                                     | 12,026                   |
| Special events and projects.....  | 12,183                   | -                                     | -                                                     | 12,183                   |
| Restoration and stewardship.....  | 169,691                  | -                                     | -                                                     | 169,691                  |
| Travel and meeting.....           | 6,478                    | 4,319                                 | -                                                     | 10,797                   |
| Depreciation .....                | 37,887                   | 25,258                                | -                                                     | 63,145                   |
| Taxes and fees .....              | -                        | 14,461                                | -                                                     | 14,461                   |
| Investment fees.....              | -                        | 24,397                                | -                                                     | 24,397                   |
| Loss on sale of asset .....       | -                        | -                                     | -                                                     | -                        |
| Unreimbursed grant expenses ..... | <u>27,956</u>            | <u>-</u>                              | <u>-</u>                                              | <u>27,956</u>            |
| <b>TOTAL EXPENSES.....</b>        | <b><u>\$ 496,231</u></b> | <b><u>\$ 193,030</u></b>              | <b><u>\$ 9,901</u></b>                                | <b><u>\$ 699,162</u></b> |

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



|                                   | <u>Program</u>            | <u>Management<br/>and<br/>General</u> | <u>Member<br/>Development<br/>and<br/>Fundraising</u> | <u>2018<br/>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 .....       | 1,362,453                 | -                                     | -                                                     | 1,362,453                 |
| Unreimbursed grant expenses ..... | -                         | -                                     | -                                                     | -                         |
| <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> |

Illinois Audubon Society  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended March 31, 2019 and 2018

Statement 4

|                                                                                                                | <u>2019</u>              | <u>2018</u>              |
|----------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                                                   |                          |                          |
| Change in net assets.....                                                                                      | \$2,051,409              | (\$ 388,481)             |
| Adjustments to reconcile change in net assets to net cash flows from operating activities:                     |                          |                          |
| Unrealized (gain) loss on investments.....                                                                     | ( 6,971)                 | 60,914                   |
| Depreciation.....                                                                                              | 63,145                   | 48,418                   |
| Donated land.....                                                                                              | ( 1,661,500)             | -                        |
| Changes in assets and liabilities:                                                                             |                          |                          |
| Grants receivable .....                                                                                        | 54,048                   | ( 40,942)                |
| Accounts payable and accrued expenses .....                                                                    | 7,954                    | ( 4,295)                 |
| Loss on sale of property.....                                                                                  | -                        | 1,362,453                |
| Realized (gain) loss on investments.....                                                                       | <u>1,773</u>             | <u>-</u>                 |
| Net cash flows from operating activities .....                                                                 | <u>509,858</u>           | <u>1,038,067</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                                                   |                          |                          |
| Sale of investments.....                                                                                       | 464,857                  | 453,000                  |
| Purchase of investments .....                                                                                  | ( 795,803)               | ( 617,994)               |
| Purchase of property and equipment.....                                                                        | ( 114,387)               | (1,292,130)              |
| Proceeds from sale of property.....                                                                            | <u>-</u>                 | <u>550,466</u>           |
| Net cash flows from investing activities.....                                                                  | ( <u>445,333</u> )       | ( <u>906,658</u> )       |
| <b>NET CASH FLOWS.....</b>                                                                                     | <b>64,525</b>            | <b>131,409</b>           |
| <b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>                                                              |                          |                          |
| <b>AT BEGINNING OF YEAR.....</b>                                                                               | <u>593,794</u>           | <u>462,385</u>           |
| <b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>                                                              |                          |                          |
| <b>AT END OF YEAR.....</b>                                                                                     | <b><u>\$ 658,319</u></b> | <b><u>\$ 593,794</u></b> |
| Reconciliation of cash at end of year with the Statement of Financial Position to the Statement of Cash Flows: |                          |                          |
| Cash and cash equivalents.....                                                                                 | \$ 483,508               | \$ 593,794               |
| Restricted cash.....                                                                                           | <u>174,811</u>           | <u>-</u>                 |
|                                                                                                                | <u>\$ 658,319</u>        | <u>\$ 593,794</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, 2019 and 2018

**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, 2019 and 2018

**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, 2019, and it was determined that no provision for uncertain tax positions is required. The federal tax returns prior to 2016 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.
10. 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.
11. Change in Accounting Principles - The Society implemented FASB ASU No. 2016-14 in the current year. The new standards change the following aspects of the financial statements:
  - The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
  - The unrestricted net asset class has been renamed net assets without donor restrictions.
  - The financial statements include a disclosure about liquidity and availability of resources (Note 2).

The changes have the following effect on net assets at March 31, 2018:

| <u>Net Asset Class</u>                | <u>As Originally Presented</u> | <u>After Adoption of ASU 2016-14</u> |
|---------------------------------------|--------------------------------|--------------------------------------|
| Unrestricted net assets               | \$ 9,478,778                   | \$ -                                 |
| Temporarily restricted net assets     | 307,308                        | -                                    |
| Permanently restricted net assets     | 2,537,644                      | -                                    |
| Net assets without donor restrictions | -                              | 9,478,778                            |
| Net assets with donor restrictions    | -                              | <u>3,144,952</u>                     |
| <br>Total net assets                  | <br><u>\$12,623,730</u>        | <br><u>\$12,623,730</u>              |

Illinois Audubon Society  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended March 31, 2019 and 2018

**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, 2019 and 2018: are:

|                                                                | <u>2019</u>        | <u>2018</u>        |
|----------------------------------------------------------------|--------------------|--------------------|
| Financial assets:                                              |                    |                    |
| Cash, cash equivalents and restricted cash                     | \$ 658,319         | \$ 593,794         |
| Grant receivable                                               | -                  | 54,048             |
| Accounts receivable, net                                       | 4,451              | -                  |
| Endowment and long-term investments                            | <u>4,857,693</u>   | <u>4,526,001</u>   |
| Total financial assets                                         | 5,520,463          | 5,173,843          |
| Less financial assets held to meet donor-imposed restrictions: |                    |                    |
| Purpose-restricted net assets (Note 7)                         | 1,066,326          | 607,308            |
| Donor-restricted endowment funds (Note 8)                      | <u>385,989</u>     | <u>385,989</u>     |
| Amount available for general expenditures within one year      | <u>\$4,068,148</u> | <u>\$4,180,546</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.

**NOTE 3 – INVESTMENTS**

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

|                               | <u>2019</u>        | <u>2018</u>        |
|-------------------------------|--------------------|--------------------|
| Cash and equivalents .....    | \$ 298,375         | \$ 123,314         |
| Certificates of deposit ..... | 1,213,569          | 790,776            |
| Equity mutual funds .....     | 1,773,575          | 1,676,262          |
| Corporate debt .....          | 578,054            | 851,659            |
| Equity securities .....       | 604,276            | 628,896            |
| Municipal bonds .....         | <u>389,844</u>     | <u>455,094</u>     |
| Total .....                   | <u>\$4,857,693</u> | <u>\$4,526,001</u> |

Investments by net asset class:

|                                | <u>2019</u>        | <u>2018</u>        |
|--------------------------------|--------------------|--------------------|
| Unrestricted investments ..... | \$3,580,189        | \$3,532,704        |
| Endowment .....                | 385,989            | 385,989            |
| Restricted investments .....   | <u>891,515</u>     | <u>607,308</u>     |
| Total .....                    | <u>\$4,857,693</u> | <u>\$4,526,001</u> |

Illinois Audubon Society  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended March 31, 2019 and 2018

**NOTE 3 – INVESTMENTS, continued**

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

|                             | <u>2019</u>       | <u>2018</u>       |
|-----------------------------|-------------------|-------------------|
| Interest and dividends..... | \$ 163,235        | \$ 154,622        |
| Net (losses) gains.....     | <u>5,198</u>      | ( <u>60,914</u> ) |
| Total.....                  | <u>\$ 168,433</u> | <u>\$ 93,708</u>  |

**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, 2019 and 2018 are as follows:

|                                                        | <u>Fair Value</u>  | <u>Level 1</u>     | <u>Level 2</u>     | <u>Level 3</u> |
|--------------------------------------------------------|--------------------|--------------------|--------------------|----------------|
| <u>March 31, 2019</u>                                  |                    |                    |                    |                |
| Investments -                                          |                    |                    |                    |                |
| Interest bearing accounts .....                        | \$ 298,375         | \$ 298,375         | \$ -               | \$ -           |
| Bonds and bond mutual funds .....                      | 967,898            | 967,898            | -                  | -              |
| Stocks and stock mutual funds .....                    | 2,377,851          | 2,377,851          | -                  | -              |
| Certificates of deposit and repurchase agreements..... | <u>1,213,569</u>   | <u>-</u>           | <u>1,213,569</u>   | <u>-</u>       |
|                                                        | <u>\$4,857,693</u> | <u>\$3,644,124</u> | <u>\$1,213,569</u> | <u>\$ -</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>    |

Illinois Audubon Society  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended March 31, 2019 and 2018

**NOTE 5 – PROPERTY, IMPROVEMENTS, AND EQUIPMENT**

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

|                                                                                                                      | <u>2019</u> | <u>2018</u> |
|----------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| H & B Bremer Wildlife Sanctuary<br>-approximately 204 acres<br>-Montgomery County, Illinois.....                     | \$ 167,475  | \$ 167,475  |
| Adams Wildlife Sanctuary and state headquarters land<br>-approximately 40 acres<br>-Sangamon County, Illinois.....   | 340,000     | 340,000     |
| War Bluff Valley Wildlife Sanctuary *<br>-approximately 485 acres<br>-Pope County, Illinois.....                     | 200,780     | 200,780     |
| Robert & Patricia Merrill Property<br>-approximately 7.5 acres<br>-Sangamon County, Illinois.....                    | 30,000      | 30,000      |
| Karcher’s Post Oak Woods Nature Preserve *<br>-approximately 40 acres<br>-Hamilton County, Illinois.....             | 19,792      | 19,792      |
| Robert Ridgway Grassland Nature Preserve *<br>-approximately 40 acres<br>-Jasper County, Illinois.....               | 100,008     | 100,008     |
| Karl Bartel Wildlife Sanctuary Land and Water Preserve *<br>-approximately 80 acres<br>-Marion County, Illinois..... | 118,092     | 118,092     |
| Graber Grasslands Land and Water Reserve *<br>-approximately 40 acres<br>-Jasper County, Illinois.....               | 95,852      | 95,852      |
| Plum Island Property<br>-approximately 45 acres<br>-LaSalle County, Illinois.....                                    | 367,648     | 367,648     |
| Hartman Spring Nature Preserve *<br>-approximately 40 acres<br>-Pulaski County, Illinois.....                        | 109,232     | 109,232     |
| Amboy Marsh Wildlife Sanctuary *<br>-approximately 302 acres<br>-Lee County, Illinois.....                           | 1,612,854   | 1,612,854   |

Illinois Audubon Society  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended March 31, 2019 and 2018

**NOTE 5 – PROPERTY, IMPROVEMENTS, AND EQUIPMENT, continued**

|                                                                                           | <u>2019</u>        | <u>2018</u>        |
|-------------------------------------------------------------------------------------------|--------------------|--------------------|
| Gremel Wildlife Sanctuary<br>-approximately 395 acres<br>-Lee County, Illinois.....       | \$2,133,428        | \$2,133,428        |
| Round Pond Sanctuary<br>-approximately 339.50 acres<br>-Pope County, Illinois.....        | 886,257            | 886,257            |
| Gableman Sanctuary<br>-approximately 29 acres<br>-Lee County, Illinois.....               | 312,487            | 312,487            |
| Chillicothe Bottoms Property<br>-approximately 232 acres<br>-Peoria County, Illinois..... | 737,141            | -                  |
| Hopewell Property<br>-approximately 15.1 acres<br>-Marshall County, Illinois.....         | 61,717             | -                  |
| Fern Ridge Property<br>-approximately 3.25 acres<br>-Marshall County, Illinois.....       | 13,283             | -                  |
| Stewart Lake East Property<br>-approximately 778 acres<br>-Mason County, Illinois.....    | <u>852,000</u>     | <u>-</u>           |
| Total sanctuary and other land.....                                                       | 8,158,046          | 6,493,905          |
| Buildings and other improvements .....                                                    | 1,032,623          | 984,663            |
| Equipment and furniture.....                                                              | <u>423,882</u>     | <u>360,096</u>     |
|                                                                                           | 9,614,551          | 7,838,664          |
| Less: accumulated depreciation.....                                                       | ( <u>450,521</u> ) | ( <u>387,377</u> ) |
|                                                                                           | <u>\$9,164,030</u> | <u>\$7,451,287</u> |
| Property and equipment, by net asset class:                                               |                    |                    |
| Without restrictions.....                                                                 | \$7,012,375        | \$5,299,632        |
| With restrictions.....                                                                    | <u>2,151,655</u>   | <u>2,151,655</u>   |
|                                                                                           | <u>\$9,164,030</u> | <u>\$7,451,287</u> |

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



Illinois Audubon Society  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended March 31, 2019 and 2018

**NOTE 6 – NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets consisted of the following at March 31:

|                                                   | <u>2019</u>         | <u>2018</u>         |
|---------------------------------------------------|---------------------|---------------------|
| Undesignated:                                     |                     |                     |
| Property and equipment.....                       | \$ 7,012,375        | \$ 5,299,632        |
| Other undesignated .....                          | <u>1,662,444</u>    | <u>270,629</u>      |
| Total undesignated .....                          | <u>8,674,819</u>    | <u>5,570,261</u>    |
| Board designated for:                             |                     |                     |
| Operating reserve.....                            | 206,884             | 202,542             |
| Permanent investment.....                         | 1,523,526           | 1,504,436           |
| Stewardship and Land acquisition.....             | 593,637             | 2,134,588           |
| Other .....                                       | <u>72,303</u>       | <u>66,951</u>       |
| Total board designated.....                       | <u>2,396,350</u>    | <u>3,908,517</u>    |
| Total net assets without donor restrictions ..... | <u>\$11,071,169</u> | <u>\$ 9,478,778</u> |

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

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

|                                                                                                      | <u>2019</u>         | <u>2018</u>         |
|------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Sanctuary preservation .....                                                                         | \$ 264,650          | \$ 424,520          |
| Charitable remainder trust – FBO War Bluff.....                                                      | 97,382              | 97,382              |
| Other .....                                                                                          | 704,294             | 85,406              |
| Properties that must be held in perpetuity as wildlife sanctuaries .....                             | 355,655             | 355,655             |
| Property for which any sale proceeds must be reinvested in<br>sanctuary property in perpetuity ..... | 1,796,000           | 1,796,000           |
| Endowment.....                                                                                       | <u>385,989</u>      | <u>385,989</u>      |
| Total net assets with donor restrictions .....                                                       | <u>\$ 3,603,970</u> | <u>\$ 3,144,952</u> |

Net assets released from net assets with donor restrictions are as follows:

|                              | <u>2019</u>       | <u>2018</u>         |
|------------------------------|-------------------|---------------------|
| Sanctuary preservation ..... | <u>\$ 170,959</u> | <u>\$ 1,229,609</u> |

Illinois Audubon Society  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended March 31, 2019 and 2018

**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.

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, 2019 and 2018

**NOTE 8 – ENDOWMENT FUND, Continued**

The composition of endowment net assets and the changes in endowment net assets as of March 31, 2019 and 2018 are as follows:

|                                            | <u>With Donor<br/>Restrictions</u> |
|--------------------------------------------|------------------------------------|
| Endowment net assets, March 31, 2017 ..... | \$ -                               |
| Contributions.....                         | <u>385,989</u>                     |
| Endowment net assets, March 31, 2018 ..... | 385,989                            |
| Contributions.....                         | -                                  |
| Endowment net assets, March 31, 2019 ..... | <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, 2019 and 2018, the Society’s match totaled \$5,224 and \$5,005, 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, 2019 through August 7, 2019, 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 2019 and 2018

Schedule 1

|                                      | <u>Actual</u><br>2019      | <u>Budget</u><br>2019 | <u>Actual</u><br>2018      |
|--------------------------------------|----------------------------|-----------------------|----------------------------|
| <b>REVENUE AND SUPPORT</b>           |                            |                       |                            |
| Donations.....                       | \$ 779,957                 | \$ 154,000            | \$ 545,302                 |
| Net investment income.....           | 168,433                    | 137,500               | 93,708                     |
| Membership dues.....                 | 90,949                     | 90,000                | 87,031                     |
| Contract and grant income.....       | 1,606                      | 125,346               | 887,180                    |
| Farm income.....                     | 30,621                     | 29,853                | 28,352                     |
| Programs and projects .....          | 17,505                     | 76,450                | 21,328                     |
| Other income .....                   | -                          | -                     | 1,946                      |
| Donated land.....                    | <u>1,661,500</u>           | <u>-</u>              | <u>-</u>                   |
| Total revenue and support .....      | <u>2,750,571</u>           | <u>613,149</u>        | <u>1,664,847</u>           |
| <b>EXPENSES</b>                      |                            |                       |                            |
| Payroll and related .....            | 213,085                    | 212,896               | 202,656                    |
| Other operating.....                 | 99,007                     | 192,780               | 71,507                     |
| Publication .....                    | 35,051                     | 37,075                | 34,119                     |
| Maintenance and utilities.....       | 17,363                     | 15,625                | 28,736                     |
| Capital improvement .....            | -                          | 58,853                | -                          |
| Professional fees .....              | 12,026                     | 17,550                | 25,597                     |
| Special events and projects.....     | 12,183                     | 61,800                | 25,270                     |
| Restoration and stewardship.....     | 169,691                    | 226,856               | 214,211                    |
| Travel and meeting.....              | 10,797                     | 7,500                 | 9,250                      |
| Depreciation.....                    | 63,145                     | -                     | 48,418                     |
| Taxes and fees .....                 | 14,461                     | 11,302                | 4,480                      |
| Investment fees .....                | 24,397                     | 27,000                | 26,631                     |
| Loss on disposal of an asset.....    | -                          | -                     | 1,362,453                  |
| Unreimbursed grant expenses .....    | <u>27,956</u>              | <u>-</u>              | <u>-</u>                   |
| Total Expenses.....                  | <u>699,162</u>             | <u>869,237</u>        | <u>2,053,328</u>           |
| <b>CHANGE IN NET ASSETS .....</b>    | <b>2,051,409</b>           | <b>(\$ 256,088)</b>   | <b>( 388,481)</b>          |
| NET ASSETS – BEGINNING OF YEAR.....  | <u>12,623,730</u>          |                       | <u>13,012,211</u>          |
| <b>NET ASSETS – END OF YEAR.....</b> | <b><u>\$14,675,139</u></b> |                       | <b><u>\$12,623,730</u></b> |