

ILLINOIS AUDUBON SOCIETY

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
MARCH 31, 2020 AND 2019**

Illinois Audubon Society

Table of Contents

	<u>Page</u>
Independent Auditor's Report.....	1-2
STATEMENT 1 - STATEMENTS OF FINANCIAL POSITION.....	3
STATEMENT 2 - STATEMENTS OF ACTIVITIES.....	4
STATEMENT 3 - STATEMENTS OF FUNCTIONAL EXPENSES.....	5
STATEMENT 4 - STATEMENTS OF CASH FLOWS	6
Notes to Financial Statements	7-16
SCHEDULE 1 – SCHEDULES OF ACTIVITIES – BUDGET TO ACTUAL	17

Estes, Bridgewater & Ogden

CERTIFIED PUBLIC ACCOUNTANTS

LORI K. MILOSEVICH, C.P.A., C.F.E.
TERRI L. PHELPS, C.P.A.
JAMES C. LEGG, C.P.A.
RICHARD W. OGDEN, C.P.A.

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



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, 2020 and 2019, 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, 2020 and 2019, 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 31, 2020

Illinois Audubon Society
STATEMENTS OF FINANCIAL POSITION
 March 31, 2020 and 2019

Statement 1

<u>Assets</u>	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 272,422	\$ 483,508
Investments	3,591,068	3,580,189
Accounts receivable.....	-	4,451
Prepaid expenses.....	<u>562</u>	<u>-</u>
Total Current Assets	<u>3,864,052</u>	<u>4,068,148</u>
PROPERTY AND EQUIPMENT – NET	<u>7,161,100</u>	<u>7,012,375</u>
OTHER ASSETS		
Endowment.....	385,993	385,993
Restricted cash	349,350	174,811
Restricted investments.....	601,889	891,511
Restricted property	<u>3,931,655</u>	<u>2,151,655</u>
Total Other Assets	<u>5,268,887</u>	<u>3,603,970</u>
TOTAL ASSETS.....	<u>\$16,294,039</u>	<u>\$14,684,493</u>
<u>Liabilities and Net Assets</u>		
LIABILITIES		
Accounts payable and accrued expenses.....	\$ -	\$ 9,354
NET ASSETS		
Without donor restrictions:		
Undesignated	1,501,393	1,662,444
In Property and equipment	7,161,100	7,012,375
Board designated	<u>2,362,659</u>	<u>2,396,350</u>
Total without donor restrictions.....	<u>11,025,152</u>	<u>11,071,169</u>
With donor restrictions	<u>5,268,887</u>	<u>3,603,970</u>
Total net assets.....	<u>16,294,039</u>	<u>14,675,139</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$16,294,039</u>	<u>\$14,684,493</u>

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

STATEMENTS OF ACTIVITIES

For the Years Ended March 31, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	Without Donor Restrictions	With Donor Restrictions	2019 Total
REVENUE AND SUPPORT						
Donations.....	\$ 374,327	\$ 131,687	\$ 506,014	\$ 151,586	\$ 628,371	\$ 779,957
Investment income.....	(182,309)	-	(182,309)	168,433	-	168,433
Membership dues.....	92,352	-	92,352	90,949	-	90,949
Contract and grant income.....	-	110,980	110,980	-	1,606	1,606
Farm income.....	28,352	-	28,352	30,621	-	30,621
Programs and projects.....	58,715	-	58,715	17,505	-	17,505
Other income.....	1,850	-	1,850	-	-	-
Donated land.....	-	1,780,000	1,780,000	1,661,500	-	1,661,500
Total revenue and support.....	373,287	2,022,667	2,395,954	2,120,594	629,977	2,750,571
Net assets released from restrictions.....	357,750	(357,750)	-	170,959	(170,959)	-
Total revenue and support.....	731,037	1,664,917	2,395,954	2,291,553	459,018	2,750,571
EXPENSES						
Program.....	571,515	-	571,515	496,231	-	496,231
Management and general.....	195,720	-	195,720	193,030	-	193,030
Membership development and fundraising.....	9,819	-	9,819	9,901	-	9,901
Total expenses.....	777,054	-	777,054	699,162	-	699,162
CHANGE IN NET ASSETS	(46,017)	1,664,917	1,618,900	1,592,391	459,018	2,051,409
NET ASSETS AT BEGINNING OF YEAR.....	11,071,169	3,603,970	14,675,139	9,478,778	3,144,952	12,623,730
NET ASSETS AT END OF YEAR	<u>\$11,025,152</u>	<u>\$ 5,268,887</u>	<u>\$16,294,039</u>	<u>\$11,071,169</u>	<u>\$ 3,603,970</u>	<u>\$14,675,139</u>

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

Illinois Audubon Society
STATEMENTS OF FUNCTIONAL EXPENSES
 For the Years Ended March 31, 2020 and 2019

	<u>Program</u>	<u>Management and General</u>	<u>Member Development and Fundraising</u>	<u>2020 Total</u>	<u>Program</u>	<u>Management and General</u>	<u>Member Development and Fundraising</u>	<u>2019 Total</u>
Payroll and related.....	\$ 178,337	\$ 96,027	\$ -	\$ 274,364	\$ 138,505	\$ 74,580	\$ -	\$ 213,085
Other operating.....	54,003	34,365	9,819	98,187	54,454	34,652	9,901	99,007
Publication.....	37,693	-	-	37,693	35,051	-	-	35,051
Maintenance and utilities.....	11,655	7,770	-	19,425	10,418	6,945	-	17,363
Professional fees.....	5,186	12,102	-	17,288	3,608	8,418	-	12,026
Special events and projects.....	50,552	-	-	50,552	12,183	-	-	12,183
Restoration and stewardship.....	162,736	-	-	162,736	169,691	-	-	169,691
Travel and meeting.....	7,872	5,248	-	13,120	6,478	4,319	-	10,797
Depreciation.....	42,868	28,579	-	71,447	37,887	25,258	-	63,145
Taxes and fees.....	-	11,629	-	11,629	-	14,461	-	14,461
Investment fees.....	20,613	-	-	20,613	-	24,397	-	24,397
Unreimbursed grant expenses.....	-	-	-	-	27,956	-	-	27,956
TOTAL EXPENSES	\$ 571,515	\$ 195,720	\$ 9,819	\$ 777,054	\$ 496,231	\$ 193,030	\$ 9,901	\$ 699,162

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

Illinois Audubon Society
STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2020 and 2019

Statement 4

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets.....	\$1,618,900	\$2,051,409
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized (gain) loss on investments.....	342,358	(6,971)
Depreciation.....	71,448	63,145
Donated land.....	(1,780,000)	(1,661,500)
Changes in assets and liabilities:		
Grants receivable	-	54,048
Accounts payable and accrued expenses	(9,354)	7,954
Realized (gain) loss on investments.....	-	1,773
Prepaid expenses.....	(562)	-
Accounts receivable.....	<u>4,451</u>	<u>-</u>
Net cash flows from operating activities	<u>247,241</u>	<u>509,858</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments.....	-	464,857
Purchase of investments	(63,615)	(795,803)
Purchase of property and equipment.....	(220,173)	(114,387)
Net cash flows from investing activities.....	(283,788)	(445,333)
NET CASH FLOWS.....	(36,547)	64,525
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
AT BEGINNING OF YEAR.....	<u>658,319</u>	<u>593,794</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
AT END OF YEAR.....	<u>\$ 621,772</u>	<u>\$ 658,319</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.....	\$ 272,422	\$ 483,508
Restricted cash.....	<u>349,350</u>	<u>174,811</u>
	<u>\$ 621,772</u>	<u>\$ 658,319</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, 2020 and 2019

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, 2020 and 2019

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, 2020, and it was determined that no provision for uncertain tax positions is required. The federal tax returns prior to 2017 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, 2020 and 2019: are:

	2020	2019
Financial assets:		
Cash, cash equivalents and restricted cash	\$ 621,772	\$ 658,319
Accounts receivable, net	-	4,451
Endowment and long-term investments	4,578,950	4,857,693
Total financial assets	5,200,722	5,520,463
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets (Note 7)	951,239	1,066,326
Donor-restricted endowment funds (Note 8)	385,993	385,993
Amount available for general expenditures within one year	\$3,863,490	\$4,068,144

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, 2020 and 2019

NOTE 3 – INVESTMENTS

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

	2020	2019
Cash and equivalents	\$1,006,109	\$ 298,375
Certificates of deposit	819,892	1,213,569
Equity mutual funds	962,536	1,773,575
Fixed income	656,258	578,054
Equity securities.....	450,139	604,276
Municipal bonds	-	389,844
Exchange traded	684,016	-
Total	\$4,578,950	\$4,857,693

Investments by net asset class:

	2020	2019
Unrestricted investments	\$3,591,068	\$3,580,189
Endowment.....	385,993	385,993
Restricted investments.....	601,889	891,511
Total	\$4,578,950	\$4,857,693

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

	2020	2019
Interest and dividends	\$ 160,049	\$ 163,235
Net (losses) gains.....	(342,358)	5,198
Total	(\$ 182,309)	\$ 168,433

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.

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2020 and 2019

NOTE 4 – FAIR VALUE MEASUREMENTS, continued

Fair value of investments measured on a recurring basis at March 31, 2020 and 2019 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>March 31, 2020</u>				
Investments -				
Interest bearing accounts	\$1,006,109	\$1,006,109	\$ -	\$ -
Bonds and bond mutual funds	656,258	656,258	-	-
Stocks and stock mutual funds	2,096,691	2,096,691	-	-
Certificates of deposit and repurchase agreements.....	<u>819,892</u>	<u>-</u>	<u>819,892</u>	<u>-</u>
	<u>\$4,578,950</u>	<u>\$3,759,058</u>	<u>\$ 819,892</u>	<u>\$ -</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>

NOTE 5 – PROPERTY, IMPROVEMENTS, AND EQUIPMENT

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

	<u>2020</u>	<u>2019</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 525 acres -Pope County, Illinois.....	321,044	200,780

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2020 and 2019

NOTE 5 – PROPERTY, IMPROVEMENTS, AND EQUIPMENT, continued

	<u>2020</u>	<u>2019</u>
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
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
Round Pond Sanctuary -approximately 339.50 acres -Pope County, Illinois.....	886,257	886,257
Gableman Sanctuary -approximately 29 acres -Lee County, Illinois.....	312,487	312,487

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2020 and 2019

NOTE 5 – PROPERTY, IMPROVEMENTS, AND EQUIPMENT, continued

	<u>2020</u>	<u>2019</u>
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
Brucker Farm -approximately 160 acres -Stark County, Illinois	1,780,000	-
Horner Tract -Jasper County, Illinois.....	<u>32,552</u>	<u>-</u>
Total sanctuary and other land.....	10,090,862	8,158,046
Buildings and other improvements	1,032,623	1,032,623
Equipment and furniture.....	<u>491,239</u>	<u>423,882</u>
	11,614,724	9,614,551
Less: accumulated depreciation.....	(<u>521,969</u>)	(<u>450,521</u>)
	<u>\$11,092,755</u>	<u>\$ 9,164,030</u>
Property and equipment, by net asset class:		
Without restrictions.....	\$ 7,161,100	\$ 7,012,375
With restrictions.....	<u>3,931,655</u>	<u>2,151,655</u>
	<u>\$11,092,755</u>	<u>\$ 9,164,030</u>

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

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2020 and 2019

NOTE 6 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets consisted of the following at March 31:

	<u>2020</u>	<u>2019</u>
Undesignated:		
Property and equipment.....	\$ 7,161,100	\$ 7,012,375
Other undesignated	<u>1,501,393</u>	<u>1,662,444</u>
Total undesignated	<u>8,662,493</u>	<u>8,674,819</u>
Board designated for:		
Operating reserve.....	318,048	206,884
Permanent investment.....	1,433,337	1,523,526
Stewardship and Land acquisition.....	530,848	593,637
Other	<u>80,426</u>	<u>72,303</u>
Total board designated.....	<u>2,362,659</u>	<u>2,396,350</u>
Total net assets without donor restrictions	<u>\$11,025,152</u>	<u>\$11,071,169</u>

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Sanctuary preservation	\$ 19,935	\$ 264,650
Charitable remainder trust – FBO War Bluff.....	-	97,382
Other	931,304	704,290
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	3,576,000	1,796,000
Endowment.....	<u>385,993</u>	<u>385,993</u>
Total net assets with donor restrictions	<u>\$ 5,268,887</u>	<u>\$ 3,603,970</u>

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

	<u>2020</u>	<u>2019</u>
Sanctuary preservation	\$ 244,715	\$ 170,959
FBO War Bluff.....	97,382	-
Other	<u>15,653</u>	<u>-</u>
Total	<u>\$ 357,750</u>	<u>\$ 170,959</u>

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2020 and 2019

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, 2020 and 2019

NOTE 8 – ENDOWMENT FUND, Continued

The composition of endowment net assets and the changes in endowment net assets as of March 31, 2020 and 2019 are as follows:

	<u>With Donor Restrictions</u>
Endowment net assets, March 31, 2018	\$385,993
Contributions.....	_____ -
Endowment net assets, March 31, 2019	385,993
Contributions.....	_____ -
Endowment net assets, March 31, 2020	<u>\$385,993</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, 2020 and 2019, the Society's match totaled \$6,434 and \$5,224, 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.

Illinois Audubon Society
NOTES TO FINANCIAL STATEMENTS
For the Years Ended March 31, 2020 and 2019

NOTE 13 – RISKS & UNCERTAINTIES

Beginning around March 2020, The Covid-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, Organization programs, and funding sources could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

NOTE 14 – SUBSEQUENT EVENTS

The Society assessed events that have occurred subsequent to March 31, 2020 through August 31, 2020, 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, 2020 and 2019

Schedule 1

	<u>Actual 2020</u>	<u>Budget 2020</u>	<u>Actual 2019</u>
REVENUE AND SUPPORT			
Donations.....	\$ 506,014	\$ 120,000	\$ 779,957
Net investment income.....	(182,309)	133,500	168,433
Membership dues.....	92,352	95,000	90,949
Contract and grant income.....	110,980	46,876	1,606
Farm income.....	28,352	28,352	30,621
Programs and projects.....	58,715	102,000	17,505
Other income.....	1,850	-	-
Donated land.....	1,780,000	-	1,661,500
Capital improvement.....	-	8,123	-
	<u>2,395,954</u>	<u>533,851</u>	<u>2,750,571</u>
EXPENSES			
Payroll and related.....	274,364	323,132	213,085
Other operating.....	98,187	178,130	99,007
Publication.....	37,693	37,750	35,051
Maintenance and utilities.....	19,425	18,775	17,363
Capital improvement.....	-	60,123	-
Professional fees.....	17,288	20,250	12,026
Special events and projects.....	50,552	87,000	12,183
Restoration and stewardship.....	162,736	177,121	169,691
Travel and meeting.....	13,120	20,450	10,797
Depreciation.....	71,447	-	63,145
Taxes and fees.....	11,629	12,100	14,461
Investment fees.....	20,613	25,000	24,397
Unreimbursed grant expenses.....	-	-	27,956
	<u>777,054</u>	<u>959,831</u>	<u>699,162</u>
CHANGE IN NET ASSETS.....	1,618,900	(\$ 425,980)	2,051,409
NET ASSETS – BEGINNING OF YEAR.....	14,675,139		12,623,730
NET ASSETS – END OF YEAR.....	<u>\$16,294,039</u>		<u>\$14,675,139</u>