

Atlanta Audubon Society, Inc.

Audit of Financial Statements

December 31, 2018

Independent Auditor's Report

To the Board of Directors of
Atlanta Audubon Society, Inc..

I have audited the accompanying financial statements of Atlanta Audubon Society, Inc.. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluation of the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atlanta Audubon Society, Inc.. as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

J. Lunsford CPA

July 16, 2019

Atlanta Audubon Society, Inc..

Statement of Financial Position December 31, 2018

The Accompanying Notes are an Integral Part of These Financial Statements

Assets

Cash and Cash Equivalents	\$	201,608
Accounts Receivable		75,008
Prepaid Expense		5,263
Investments		414,377
Computers & Furniture - Net of Accumulated Depreciation of \$2,320		1,455
Land		<u>83,472</u>
	Total Assets	<u>781,183</u>

Liabilities

Accrued Expenses	\$	5,795
Unearned Revenue		<u>18,470</u>
	Total Liabilities	<u>24,265</u>

Net Assets

Without Donor Restrictions		276,098
With Donor Restrictions		<u>480,820</u>
	Total Net Assets	<u>756,918</u>
	Total Liabilities and Net Assets	<u>\$ 781,183</u>

Atlanta Audubon Society, Inc..

Statement of Activity For the Year Ended December 31, 2018

The Accompanying Notes are an Integral Part of These Financial Statements

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Support			
Contributions	\$ 276,721	\$ -	\$ 276,721
Grants	-	295,328	295,328
Total Support	276,721	295,328	572,049
Program Income	72,698	-	72,698
Membership Dues	74,653	-	74,653
Special Events	33,092	-	33,092
Investment Return	5,545	-	5,545
Realized / Unrealized Loss	(35,138)	-	(35,138)
Merchandise Sales	3,640	-	3,640
Other Revenues and Gains	154,490	-	154,490
Support Provided by Expiring Time and Purpose Restrictions	180,785	(180,785)	-
Total Revenues, Gains and Other Support	611,996	114,543	726,539
Expenses			
Program Services	512,258	-	512,258
Total Program Services	512,258	-	512,258
Management and General	65,988	-	65,988
Fundraising	83,641	-	83,641
Total Expenses	661,887	-	661,887
Change in Net Assets	(49,891)	114,543	64,652

Atlanta Audubon Society, Inc..

Statement of Functional Expense For the Year Ended December 31, 2018

The Accompanying Notes are an Integral Part of These Financial Statements

	Program Services	Management & General	Fundraising	Total
Bank & Credit Card Processing	4,600	1,540	588	6,728
Chapter Membership	1,788	-	710	2,498
Conservation	88,460	-	-	88,460
Contract Labor	26,153	5,900	10,168	42,221
Depreciation	-	606	-	606
Fundraising	-	-	15,166	15,166
Insurance	3,290	4,096	-	7,386
IT Department	1,032	3,291	1,032	5,355
Marketing/Promotion	4,210	1,780	520	6,510
Meetings & Speakers	82	-	-	82
Office Operations	7,459	15,271	-	22,730
Office Rent	14,400	4,800	-	19,200
Professional Development	3,213	24	-	3,237
Professional Dues/Registration	1,737	938	-	2,675
Professional/Legal Fees	2,706	2,777	-	5,483
Publications	12,893	-	-	12,893
Return of Grant Funds	4,236	-	-	4,236
Salaries	257,274	24,814	55,457	337,545
Scholarships	3,176	-	-	3,176
Travel/Mileage	2,770	151	-	2,921
Volunteer Management & Recognition	557	-	-	557
Workshops	56,350	-	-	56,350
Youth Education	15,872	-	-	15,872
	\$ 512,258	\$ 65,988	\$ 83,641	\$ 661,887

Atlanta Audubon Society, Inc..

Statement of Cash Flows For the Year Ended December 31, 2018

The Accompanying Notes are an Integral Part of These Financial Statements

Operating Activities:

Cash Inflows for Operations:

Support	\$	544,268
Program Income		72,698
Membership Dues		74,653
Special Events		49,301
Investment Return		8,670
		-
Merchandise Sales		27,742

Cash Outflows for Operations:

Payments for Salaries, Benefits, and Payroll Taxes		(337,545)
Payments to Vendors		(342,930)

Net Cash Provided by Operating Activities		96,857
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Investing Activities:

Realized Gain on Sale of Securities		7,593
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Net Cash Used by Investing Activities		7,593
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Change in Cash and Cash Equivalents		104,450
Cash and Cash Equivalents at Beginning of Year		97,158

Cash and Cash Equivalents at End of Year	\$	201,608
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Atlanta Audubon Society, Inc..

Notes to Financial Statements

December 31, 2018

Note 1: Description of Organization

The mission of the Atlanta Audubon Society, Inc., (AAS), is to protect Georgia's birds and the habitats that sustain them through education, conservation and advocacy. AAS began in 1926 as the Atlanta Bird Club and became a branch/chapter of the National Audubon Society in 1968 and then in 1972 changed it's name to Atlanta Audubon Society, Inc.

Note 2: Summary of Significant Accounting Policies

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use, that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Atlanta Audubon Society, Inc..

Notes to Financial Statements December 31, 2018

Note 2: Summary of Significant Accounting Policies - continued

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Donated Services

AAS has numerous unpaid volunteers. The value of the services provided by these volunteers has not been determined or recognized in these financial statements since the criteria for recognition under ASC No. 958 have not been met.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash and cash equivalents may exceed federally insured amounts. AAS believes that it mitigates risks by depositing cash and investing in cash equivalents with major financial institutions.

Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful lives of three to five years using the straight-line method. Depreciation expense for the year ended December 31, 2018 totaled \$606.

Revenue Recognition and Expenses

Contributions are recorded in the year they are received or pledged. Program services include expenses incurred in line with the purpose of AAS.

Income Taxes

AAS is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code (the Code). AAS had no significant unrelated business taxable income during 2018. Accordingly, no provision or benefit for income taxes has been recorded in the accompanying consolidated financial statements

AAS applies the provisions of accounting standards for income taxes. These standards require that a tax position be recognized or derecognized based on a 'more-likely-than-not' threshold. This applies to positions taken or expected to be taken in a tax return. AAS does not believe its financial statements include any material uncertain tax positions. AAS is no longer subject to Federal or State income tax examination by tax authorities for years prior to 2015.

Investments

Investments are comprised of Equity and Income Mutual Funds with a readily determinable market value and are carried at Fair Market Value in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Atlanta Audubon Society, Inc..

Notes to Financial Statements December 31, 2018

Note 2: Summary of Significant Accounting Policies - continued

Change in Accounting Principles

The organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. 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 had been renamed net assets without donor restrictions.
- * The format of the statement of cash flows has changed to the direct method of reporting cash flows from operations, which we believe to be more understandable for users of our financial statements.
- * The financial statements include a disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at January 1, 2018:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 325,988	\$ -
Temporarily restricted net assets	282,805	
Permanently restricted	83,472	
Net assets without donor restrictions		325,988
Net assets with donor restrictions		366,277
Total net assets	\$ 692,265	\$ 692,265

Note 3: Operating Lease Obligation

AAS leases office space under a sublease agreement commencing on January 1, 2016 and ending on December 31, 2020. Future annual rent expense under the lease is \$20,400 and \$21,000 for calendar year 2019 and 2020 respectively.

Note 4: Commitments and Contingencies

Certain grants and contracts often require the fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management of AAS deems the contingency to be unlikely. The grants and contracts are subject to audit by the grantor. They have the authority to determine liabilities or limits or suspend participation in the various sponsored programs.

Atlanta Audubon Society, Inc..

Notes to Financial Statements December 31, 2018

Note 5: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 are:

Financial assets:	
Cash and cash equivalents	\$ 201,608
Accounts receivable	75,008
Prepaid expense	5,263
Investments	414,377
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Total financial assets	696,256
Less financial assets held to meet donor-imposed restrictions	(480,820)
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Amount available for general expenditures within one year	\$ 215,436

Note 6: Temporarily Restricted Net Assets

Net assets with donor restrictions

Purpose/Donor	Amount
Morgens West	\$ 11,025
Habitat Restoration Fund	54,697
NAS Collaborate Grant	1,066
5 Star NFWF Grant	2,849
Patagonia 2018	1,487
Cherokee Garden Club	922
GOS Opportunity Grant	3,057
NAS Audubon in Action Grant	20,519
Lamb Foundation	98,111
Disney Conservation Grant	49,623
Wells Fargo Grant	3,475
A.H.Richards Grant	10,000
Patagonia 2019	8,000
Scholarship Fund	132,517
Land	83,472
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	\$ 480,820

Note 7: Subsequent Events

AAS has evaluated subsequent events through July 16, 2019 which is the date the financial statements were prepared. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

Atlanta Audubon Society, Inc..

Notes to Financial Statements December 31, 2018

Note 8: Fair Value Measurements

AAS reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, 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 are

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

Level 2 - Inputs other than quoted market 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 (for example, interest rates and yield curves); 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. These should be used to measure the fair value to the extent that observable inputs are unavailable.

When available, AAS measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for all of the assets and liabilities that AAS may be required to measure fair value (for example, in-kind contributions). The primary use of fair value measures in these financial statements are in the determination of Fair Market Value of Investments.

Note 9: Investment Summary

Investments at December 31, 2018 are summarized as follows:

	Cost	Fair Value	Unrealized Gain
Cash	\$ 15,968	\$ 15,968	\$ -
Exchange Traded Funds	391,774	398,410	(6,636)
	407,742	414,378	(6,636)

End of Footnotes