

The Audubon Society of New Hampshire

Financial Statements

*For the Years Ended March 31, 2024 and 2023
With Independent Auditors' Report*

Baker Newman & Noyes LLC
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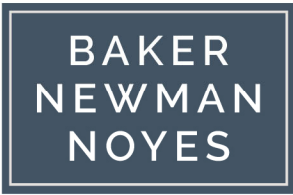
THE AUDUBON SOCIETY OF NEW HAMPSHIRE

FINANCIAL STATEMENTS

For the Years Ended March 31, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The Audubon Society of New Hampshire

Opinion

We have audited the financial statements of The Audubon Society of New Hampshire (the Society) which comprise the statements of financial position as of March 31, 2024 and 2023, the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as of March 31, 2024 and 2023, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

To the Board of Trustees
The Audubon Society of New Hampshire

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Baku Newman & Noyes LLC
Manchester, New Hampshire
September 5, 2024

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

STATEMENTS OF FINANCIAL POSITION

March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,834,559	\$ 2,148,418
Accounts receivable	100,276	59,269
Merchandise inventories	50,373	43,288
Prepaid expense	63,775	42,924
Other current assets	3,189	1,500
Contributions and bequests receivable	<u>311,883</u>	<u>795,092</u>
Total current assets	3,364,055	3,090,491
Property and equipment, net of accumulated depreciation of \$3,508,769 and \$3,292,897 in 2024 and 2023, respectively	11,977,127	10,938,914
Other assets:		
Investments at fair value	3,850,623	3,430,115
Split-interest agreements	<u>3,357,390</u>	<u>3,265,766</u>
Total other assets	<u>7,208,013</u>	<u>6,695,881</u>
Total assets	<u>\$22,549,195</u>	<u>\$20,725,286</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 70,397	\$ 54,247
Accrued payroll and related liabilities	74,283	65,036
Deferred revenue	195,028	143,674
Current portion of long-term debt	<u>27,272</u>	<u>25,773</u>
Total current liabilities	366,980	288,730
Long-term liabilities:		
Long-term debt, less current maturities	610,240	637,426
Gift annuity payable	<u>—</u>	<u>56,889</u>
Total long-term liabilities	<u>610,240</u>	<u>694,315</u>
Total liabilities	977,220	983,045
Net assets:		
Without donor restrictions	4,175,059	3,652,234
With donor restrictions	<u>17,396,916</u>	<u>16,090,007</u>
Total net assets	<u>21,571,975</u>	<u>19,742,241</u>
Total liabilities and net assets	<u>\$22,549,195</u>	<u>\$20,725,286</u>

See accompanying notes.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended March 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support:			
Contributions	\$ 384,706	\$ 149,130	\$ 533,836
Bequests	982,960	—	982,960
Grants	12,000	494,406	506,406
Contributions – land	—	1,005,000	1,005,000
Contracts	115,562	—	115,562
Memberships	127,840	—	127,840
Programs, events, and visitor fees	405,540	—	405,540
Sale of merchandise, net of cost of goods sold	45,626	—	45,626
Investment income:			
Interest & dividends	94,845	85,290	180,135
Realized gain	16,860	52,546	69,406
Unrealized gain	95,170	311,790	406,960
Pooled income funds:			
Interest and dividends	—	34,189	34,189
Realized loss	—	(11,420)	(11,420)
Unrealized gain	—	125,556	125,556
Distribution to beneficiaries	—	(72,279)	(72,279)
Other income	103,339	29,220	132,559
Net assets released from restrictions	<u>896,519</u>	<u>(896,519)</u>	<u>—</u>
Total revenue and support	3,280,967	1,306,909	4,587,876
Expenses:			
Programs:			
Conservation	613,355	—	613,355
Newfound Audubon Center	31,875	—	31,875
Massabesic Audubon Center	272,154	—	272,154
Silk Farm Audubon Center	<u>853,199</u>	<u>—</u>	<u>853,199</u>
Total program expenses	1,770,583	—	1,770,583
Supporting:			
General and administrative	614,942	—	614,942
Membership, development and communication	<u>358,489</u>	<u>—</u>	<u>358,489</u>
Total supporting expenses	<u>973,431</u>	<u>—</u>	<u>973,431</u>
Total expenses	<u>2,744,014</u>	<u>—</u>	<u>2,744,014</u>
Non-operating:			
Tax payments	<u>14,128</u>	<u>—</u>	<u>14,128</u>
Change in net assets	522,825	1,306,909	1,829,734
Net assets, beginning of year	<u>3,652,234</u>	<u>16,090,007</u>	<u>19,742,241</u>
Net assets, end of year	<u>\$4,175,059</u>	<u>\$17,396,916</u>	<u>\$21,571,975</u>

See accompanying notes.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended March 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support:			
Contributions	\$ 439,638	\$ 113,098	\$ 552,736
Bequests	726,562	266,500	993,062
Grants	55,000	467,449	522,449
Contracts	225,271	—	225,271
Memberships	121,901	—	121,901
Programs, events, and visitor fees	232,872	78,454	311,326
Sale of merchandise, net of cost of goods sold	31,494	—	31,494
Investment income (loss):			
Interest & dividends	23,185	75,873	99,058
Realized gain	14,957	23,451	38,408
Unrealized loss	(100,700)	(280,372)	(381,072)
Pooled income funds:			
Interest and dividends	—	28,684	28,684
Realized gain	—	8,082	8,082
Unrealized loss	—	(107,786)	(107,786)
Distribution to beneficiaries	—	(61,959)	(61,959)
Other income	69,475	17,685	87,160
Net assets released from restrictions	<u>811,174</u>	<u>(811,174)</u>	<u>—</u>
Total revenue and support	2,650,829	(182,015)	2,468,814
Expenses:			
Programs:			
Conservation	518,197	—	518,197
Newfound Audubon Center	3,796	—	3,796
Massabesic Audubon Center	227,082	—	227,082
Silk Farm Audubon Center	<u>609,997</u>	<u>—</u>	<u>609,997</u>
Total program expenses	1,359,072	—	1,359,072
Supporting:			
General and administrative	574,099	—	574,099
Membership, development and communication	<u>271,966</u>	<u>—</u>	<u>271,966</u>
Total supporting expenses	<u>846,065</u>	<u>—</u>	<u>846,065</u>
Total expenses	<u>2,205,137</u>	<u>—</u>	<u>2,205,137</u>
Non-operating:			
Tax payments	<u>—</u>	<u>7,372</u>	<u>7,372</u>
Change in net assets	445,692	(189,387)	256,305
Net assets, beginning of year	<u>3,206,542</u>	<u>16,279,394</u>	<u>19,485,936</u>
Net assets, end of year	<u>\$3,652,234</u>	<u>\$16,090,007</u>	<u>\$19,742,241</u>

See accompanying notes.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended March 31, 2024

Expenses	Programs					Supporting			Total 2024
	Conservation	Newfound Audubon Center	Massabesic Audubon Center	Silk Farm Audubon Center	Total Programs	Membership, Develop- ment and Communi- cation	General and Administration	Total Supporting	
Advertising	\$ —	\$ —	\$ 7,109	\$ 3,110	\$ 10,219	\$ 1,946	\$ 19	\$ 1,965	\$ 12,184
Bad debts	—	—	—	—	—	—	1,027	1,027	1,027
Bank fees	—	—	—	—	—	—	14,777	14,777	14,777
Conference and meetings	5,589	135	1,277	1,586	8,587	2,115	4,013	6,128	14,715
Depreciation and amortization	—	—	—	215,872	215,872	—	—	—	215,872
Dues and subscriptions	5,639	—	1,275	5,113	12,027	3,217	3,268	6,485	18,512
Employee benefits	29,852	1,367	12,988	29,125	73,332	16,136	27,350	43,486	116,818
Insurance	2,690	974	1,415	2,894	7,973	1,374	82,562	83,936	91,909
Interest expense	—	—	—	—	—	—	34,978	34,978	34,978
Miscellaneous	—	—	466	5,869	6,335	1,446	—	1,446	7,781
Office expenses	998	73	5,917	18,271	25,259	33,821	(9,619)	24,202	49,461
Payroll taxes	25,944	1,538	11,857	26,041	65,380	13,787	16,168	29,955	95,335
Printing and postage	12,380	107	—	13,223	25,710	25,220	17	25,237	50,947
Professional services	100,633	300	102	17,995	119,030	62,910	147,627	210,537	329,567
Program expenses	25,672	2,082	14,935	15,783	58,472	1,766	62	1,828	60,300
Property taxes	4,869	—	—	—	4,869	—	—	—	4,869
Repairs and maintenance	14,313	3,518	32,091	80,800	130,722	—	—	—	130,722
Salaries and wages	367,278	17,192	157,162	364,665	906,297	191,619	290,910	482,529	1,388,826
Travel and entertainment	16,953	539	1,592	1,402	20,486	3,132	546	3,678	24,164
Utilities	543	4,052	23,968	51,450	80,013	—	1,237	1,237	81,250
Total expenses	<u>\$613,353</u>	<u>\$31,877</u>	<u>\$272,154</u>	<u>\$853,199</u>	<u>\$1,770,583</u>	<u>\$358,489</u>	<u>\$614,942</u>	<u>\$973,431</u>	<u>\$2,744,014</u>

See accompanying notes.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended March 31, 2023

	Programs					Supporting			Total 2023
	Conservation	Newfound Audubon Center	Massabesic Audubon Center	Silk Farm Audubon Center	Total Programs	Membership, Develop- ment and Communi- cation	General and Administration	Total Supporting	
<u>Expenses</u>									
Advertising	\$ —	\$ —	\$ 1,806	\$ 7,177	\$ 8,983	\$ 2,843	\$ 1,071	\$ 3,914	\$ 12,897
Bad debts	—	—	—	—	—	—	2,770	2,770	2,770
Bank fees	50	—	—	—	50	—	15,857	15,857	15,907
Conference and meetings	1,328	—	756	559	2,643	4,608	2,021	6,629	9,272
Depreciation and amortization	—	—	—	195,508	195,508	—	—	—	195,508
Dues and subscriptions	7,076	—	200	3,889	11,165	2,198	2,364	4,562	15,727
Employee benefits	31,769	—	9,988	19,789	61,546	15,738	30,892	46,630	108,176
Insurance	2,193	432	699	1,364	4,688	1,071	73,290	74,361	79,049
Interest expense	—	—	—	—	—	—	37,332	37,332	37,332
Miscellaneous	—	—	—	6,125	6,125	—	1,675	1,675	7,800
Office expenses	1,550	1,718	16,270	23,818	43,356	13,383	3,297	16,680	60,036
Payroll taxes	26,007	—	8,766	16,408	51,181	12,707	22,910	35,617	86,798
Printing and postage	7,369	—	1,195	833	9,397	25,051	36	25,087	34,484
Professional services	23,128	—	286	5,004	28,418	7,779	125,661	133,440	161,858
Program expenses	32,857	10	12,020	13,768	58,655	2,042	18	2,060	60,715
Property taxes	14,239	—	—	—	14,239	—	—	—	14,239
Repairs and maintenance	5,255	965	30,458	55,035	91,713	—	161	161	91,874
Salaries and wages	343,161	—	128,558	219,469	691,188	183,295	252,831	436,126	1,127,314
Travel and entertainment	21,605	244	1,237	3,514	26,600	1,251	1,913	3,164	29,764
Utilities	610	427	14,843	37,737	53,617	—	—	—	53,617
Total expenses	<u>\$518,197</u>	<u>\$ 3,796</u>	<u>\$227,082</u>	<u>\$609,997</u>	<u>\$1,359,072</u>	<u>\$271,966</u>	<u>\$574,099</u>	<u>\$846,065</u>	<u>\$2,205,137</u>

See accompanying notes.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,829,734	\$ 256,305
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation and amortization	215,872	195,508
Realized and unrealized investment (gains) losses	(590,502)	442,368
Restricted contributions, bequests, grants, and income	(1,648,536)	(925,501)
(Increase) decrease in operating assets:		
Accounts receivable	(41,007)	44,469
Merchandise inventories	(7,085)	(10,038)
Prepaid expense	(20,851)	5,324
Other current assets	(1,689)	48,932
Unrestricted contributions and bequests receivable	483,209	(795,092)
Split interest agreements and investments	(174,888)	230,436
Increase (decrease) in operating liabilities:		
Accounts payable	16,150	15,762
Accrued payroll and related liabilities	9,247	13,936
Deferred revenue	51,354	39,537
Gift annuity payable	<u>(56,889)</u>	<u>(3,527)</u>
Net cash provided (used) by operating activities	64,119	(441,581)
Cash flows from investing activities:		
Purchase of investments	(715,314)	(1,320,947)
Proceeds from sales of investments	976,222	1,205,021
Purchases of property and equipment	<u>(256,735)</u>	<u>(134,809)</u>
Net cash provided (used) by investing activities	4,173	(250,735)
Cash flows from financing activities:		
Principal payments on long-term debt	(25,687)	(23,332)
Restricted contributions, bequests, grants, and income	<u>643,536</u>	<u>925,501</u>
Net cash provided by financing activities	<u>617,849</u>	<u>902,169</u>
Net change in cash and cash equivalents	686,141	209,853
Cash and cash equivalents at beginning of year	<u>2,148,418</u>	<u>1,938,565</u>
Cash and cash equivalents at end of year	\$ <u>2,834,559</u>	\$ <u>2,148,418</u>
Supplemental cash flow disclosures:		
Interest	\$ <u>34,978</u>	\$ <u>37,332</u>
Non-cash investing and financing activities:		
Donated property and equipment	\$ <u>1,005,000</u>	\$ <u>—</u>

See accompanying notes.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

March 31, 2024 and 2023

1. Nature of Society

The Audubon Society of New Hampshire (the Society) is a not-for-profit organization, incorporated under the laws of the State of New Hampshire. The Society was established in 1914 as a statewide membership organization dedicated to protecting New Hampshire's wildlife and environment through education and conservation. Contributions, program and event fees, and contracts represent the Society's primary sources of revenues.

2. Significant Accounting Policies

Basis of Accounting

The financial statements of the Society have been prepared on the accrual basis of accounting, consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The Society reports information regarding its financial position and activities according to two categories of net assets: net assets with donor restrictions and net assets without donor restrictions. Descriptions of these net asset categories are as follows:

- a. *Net assets without donor restrictions:* Net assets without donor restrictions are available for use at the discretion of the Board of Trustees and/or management for general operating purposes. From time to time, the Board of Trustees designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Society's long-term financial viability.
- b. *Net assets with donor restrictions:* Net assets with donor restrictions consists of assets whose use is limited by donor-imposed, time and/or purpose restrictions and also includes the accumulated appreciation and depreciation related to donor-restricted endowment funds. The Society reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Society to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

March 31, 2024 and 2023

2. **Significant Accounting Policies (Continued)**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Revenue and Revenue Recognition

Grants and other contributions of cash and other assets are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donations received with restrictions that are met in the same reporting period are reported as unrestricted support and increase net assets without donor restrictions.

Contributions of donated noncash assets (other than permanent collection contributions) are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Revenues from retail sales or program services are recognized when performance obligations are satisfied.

Cash and Cash Equivalents

For purposes of cash flow statement presentation, the Society considers investments with a maturity of three months or less to be cash equivalents. The Society maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Society has not experienced any losses in such accounts, and management believes it is not exposed to any significant risk on cash and cash equivalents.

Accounts and Contributions and Bequests Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collections efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance for doubtful accounts was deemed necessary for the years ended March 31, 2024 and 2023.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

March 31, 2024 and 2023

2. Significant Account Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost if purchased or fair value at the date of the gift if donated, and are being depreciated using the straight-line method over estimated useful lives as follows:

<u>Description</u>	<u>Years</u>
Land improvements	10
Buildings and improvements	10 – 40
Equipment	3 – 10
Vehicles	5

Investments

Investments are stated at fair value. Gains and losses on investments are computed on the specific identification basis. Investment income and realized and unrealized gains/losses are included in revenue and other income without donor restrictions unless restricted by donor or law. In addition, investment returns from donor restricted net assets are classified as donor restricted until appropriated for expenditures.

Investments, in general, are exposed to various risks, such as interest rate, credit, liquidity and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and activities.

Endowment income is distributed to the Society quarterly and is based upon a three-year rolling average of the unit value multiplied by the predetermined rate of 4% for support of sanctuaries, specific projects, and general operations. This predetermined income is recorded as donor restricted income, which is released from restriction when the related expenses are recorded. Accordingly, these amounts are included in net assets released from restriction as part of net assets, without donor restriction.

Art Collection

As allowed by Other Presentation Matters – *General (subtopic 360-45): Disclosure of Art, Historical Treasures, and Similar Assets*, the Society does not capitalize its collections as an asset in the statement of financial position. The art collection includes John James Audubon’s “Viviparous Quadrupeds of North America.”

Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired, or as a decrease in net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

March 31, 2024 and 2023

2. Significant Account Policies (Continued)

Deferred Revenues

Deferred revenues consist primarily of the deposits on summer camp programs and deposits on contract revenue.

Income Taxes

The Society is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code, (IRC) whereby only unrelated business income, as described by Section 512(a)(1) of the IRC, is subject to federal income tax. For the years ended March 31, 2024 and 2023, there was no liability for a tax on unrelated business income.

The Society has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Accounting for Uncertainty in Income Taxes*. Accordingly, management has evaluated the Society's tax positions and concluded the Society has maintained its tax-exempt status, does not have any significant unrelated business income, and has taken no uncertain tax positions that require adjustment or disclosure in the financial statements. With few exceptions, the Society is no longer subject to income tax examinations by the U.S. Federal or State tax authorities for tax years before 2020.

Volunteer Services

The Society is a membership organization whose volunteers work directly with Society personnel to further the Society's mission. Volunteers serve in teaching positions as trip leaders and assistants, act as environmental advocates, provide field assistance in managing and monitoring wildlife populations, act as sanctuary caretakers, and provide administrative and grounds keeping services. The value of such services has not been recorded in the financial statements.

Functional Allocation of Expenses

The costs of providing program and supporting activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas, while indirect costs that benefit multiple functional areas have been allocated based on the square footage used or by a number of employees working on the various functional areas.

Merchandise Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories are comprised of birdseed, bird feeders, books, music, and assorted merchandise related to the Society's programs and functions.

Advertising

The Society follows the policy of charging the costs of advertising to expense as incurred. The total advertising costs for the years ended March 31, 2024 and 2023 were \$12,184 and \$12,897, respectively.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

March 31, 2024 and 2023

2. **Significant Account Policies (Continued)**

Subsequent Events

Events occurring after the statement of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through September 5, 2024, which is the date the financial statements were available to be issued.

3. **Investments and Fair Value Measurements**

The composition of investments and split interest agreement holdings consist of the following at March 31:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 358,325	\$ 383,881
Common stocks	3,461,600	2,935,362
Fixed income instruments	2,057,088	2,045,638
Real estate, Moultonborough, New Hampshire	<u>1,331,000</u>	<u>1,331,000</u>
Total investments	<u>\$7,208,013</u>	<u>\$6,695,881</u>

Fair Value Measurement and Disclosure

Fair value is defined as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value hierarchy requires an entity to 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:

Level 1 – Valuations are based on quoted prices in active markets for identical assets.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

Following is a description of the valuation methodologies used for assets measured at fair value:

Cash, cash equivalents, and common stocks: Valued at the quoted price reported in the active market in which the investment is traded.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

March 31, 2024 and 2023

3. Investments and Fair Value Measurements (Continued)

Fixed income: Fixed income securities are valued based on inputs not quoted in active markets, but corroborated by market data.

Real estate, Moultonborough, New Hampshire: Value based on a market appraisal.

The following tables show, by level within the fair value hierarchy, the Organization's financial assets that are accounted for at fair value on a recurring basis as of March 31:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2024</u>				
Cash	\$ 358,325	\$ —	\$ —	\$ 358,325
Common stocks	3,461,600	—	—	3,461,600
Fixed income	<u>—</u>	<u>2,057,088</u>	<u>—</u>	<u>2,057,088</u>
	3,819,925	2,057,088	—	5,877,013
Real estate, Moultonborough, New Hampshire	<u>—</u>	<u>—</u>	<u>1,331,000</u>	<u>1,331,000</u>
	<u>\$3,819,925</u>	<u>\$2,057,088</u>	<u>\$1,331,000</u>	<u>\$7,208,013</u>
<u>2023</u>				
Cash	\$ 383,881	\$ —	\$ —	\$ 383,881
Common stocks	2,935,362	—	—	2,935,362
Fixed income	<u>—</u>	<u>2,045,638</u>	<u>—</u>	<u>2,045,638</u>
	3,319,243	2,045,638	—	5,364,881
Real estate, Moultonborough, New Hampshire	<u>—</u>	<u>—</u>	<u>1,331,000</u>	<u>1,331,000</u>
	<u>\$3,319,243</u>	<u>\$2,045,638</u>	<u>\$1,331,000</u>	<u>\$6,695,881</u>

The Society's investments consist of donor-restricted endowment funds established for a variety of purposes, board-designated endowment funds and undesignated funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

There was no change in value for the years ended March 31, 2024 and 2023 of the balance sheet amount on the financial statements classified by the Society within Level 3 of the fair value hierarchy defined above.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

March 31, 2024 and 2023

4. Endowment Funds and Net Assets

The Society adheres to the *Other Presentation Matters* section of the *Presentation of Financial Statements for Not-for-Profit Organizations* topic of FASB ASC 958-205-45. ASC 958-205-45 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). ASC 958-205-45 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of New Hampshire enacted UPMIFA, effective July 1, 2008, the provisions of which apply to endowment funds existing on or established after that date. The Society adopted ASC 958-205-45 for the year ended March 31, 2009. The Society's endowment includes twenty-one donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including any funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Society have interpreted UPMIFA as allowing the Society to allocate for expenditure or accumulate so much of an endowment fund as the Society determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

As a result of this interpretation, the Society classifies as net assets with donor restriction (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in endowment net assets is classified as restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed in UPMIFA.

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Society, and (7) the investment policies of the Society.

Investment Return Objectives, Risk Parameters and Strategies

The Society has adopted investment policies, approved by the Board of Trustees, for endowment assets that attempt to maintain the purchasing power of those endowment assets over the long-term.

Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which emphasizes equity-based and income-based investments that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of accumulated interest and dividends income to be reinvested or used as needed, while growing the funds if possible.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

March 31, 2024 and 2023

4. Endowment Funds and Net Assets (Continued)

Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to reduce the exposure of the fund to unacceptable levels of risk.

Spending Policy

The Society has a policy of appropriating for distribution 4% of its entire endowment fund's average fair value over the prior twelve quarters through the calendar year-end preceding the fiscal year in which the distribution is planned unless additional amounts are appropriated by the Board. The Society expects the current spending practice to allow its endowment funds to grow, which is consistent with the Society's objective to maintain the purchasing power of the endowment assets and to provide additional real growth through investment return. Under this policy, \$137,750 and \$131,856 was appropriated for expenditures for years ended March 31, 2024 and 2023, respectively. The Society also has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

The composition of the endowment account as of March 31, 2024 and 2023 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<u>2024</u>			
Board-designated endowment funds	\$ 1,112,732	\$ —	\$ 1,112,732
Donor-restricted endowment funds	<u>—</u>	<u>2,653,627</u>	<u>2,653,627</u>
Total	<u>\$ 1,112,732</u>	<u>\$ 2,653,627</u>	<u>\$ 3,766,359</u>
<u>2023</u>			
Board-designated endowment funds	\$ 980,705	\$ —	\$ 980,705
Donor-restricted endowment funds	<u>—</u>	<u>2,448,410</u>	<u>2,448,410</u>
Total	<u>\$ 980,705</u>	<u>\$ 2,448,410</u>	<u>\$ 3,429,115</u>

Changes in the endowment account for the year ended March 31, 2024 and 2023 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<u>2024</u>			
Endowment net assets, beginning of year	\$ 980,705	\$ 2,448,410	\$ 3,429,115
Investment income	27,524	67,374	94,898
Realized and unrealized gain	104,503	239,013	343,516
Contributions	—	36,580	36,580
Appropriation of endowment net assets for expenditures	<u>—</u>	<u>(137,750)</u>	<u>(137,750)</u>
Endowment net assets, end of year	<u>\$ 1,112,732</u>	<u>\$ 2,653,627</u>	<u>\$ 3,766,359</u>

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

March 31, 2024 and 2023

4. Endowment Funds and Net Assets (Continued)

	Without Donor Restriction	With Donor Restriction	Total
<u>2023</u>			
Endowment net assets, beginning of year	\$ 1,034,585	\$ 2,720,973	\$ 3,755,558
Investment income	23,185	57,879	81,064
Realized and unrealized losses	(77,065)	(209,186)	(286,251)
Contributions	—	10,600	10,600
Appropriation of endowment net assets for expenditures	<u>—</u>	<u>(131,856)</u>	<u>(131,856)</u>
Endowment net assets, end of year	\$ <u>980,705</u>	\$ <u>2,448,410</u>	\$ <u>3,429,115</u>

5. Split-Interest Agreements

The Society is the beneficiary of income and remainder trusts. The Society's interest in these split-interest agreements is reported as a contribution in the year in which it is notified of its interest. The present value of the Society's interest in split-interest agreements approximates the fair value of the Society's proportional share of the assets of the trusts. Valuation changes are reported as a change in value of split-interest agreements in the statement of activities and change in net assets.

The Society established a pooled income fund in March 1993. Contributions to the fund are measured at the fair value of the assets to be received, discounted for the estimated time period until the donor's death using discount rates between 4.2% and 9.4%. Until a donor's death, the donor or designated beneficiary is paid the income (as defined under the arrangement) earned on the donor's assigned units. Upon the donor's death, the value of the units reverts to the Society. Amortization of the discount is recognized as a change in value of split-interest agreements in net assets with donor restriction in the statement of activities and change in net assets.

The Society has entered into charitable gift annuity agreements whereby donors (or designated beneficiaries) receive payments for the remainder of their lives. The liability for these split-interest agreements is determined based on actuarial assumptions using discount rates between 4.0% and 7.4%. The amount of the contribution recorded by the Society is the fair value of assets received less the present value of the estimated annuity payments. Valuation changes in the annuity liability are reflected as changes in net assets with donor restriction in the statement of activities and changes in net assets. The final beneficiary of this fund passed away in late 2023, with the fair value of the assets transferred into investments being \$83,264.

Split-interest agreements consist of the following at March 31:

	<u>2024</u>	<u>2023</u>
Markus Trust (perpetual income trust)	\$ 1,997,985	\$ 1,935,483
Chase Trust (perpetual income trust)	102,451	95,123
Pooled income fund	1,256,954	1,149,201
Charitable annuity fund	<u>—</u>	<u>85,959</u>
Total split-interest agreements	\$ <u>3,357,390</u>	\$ <u>3,265,766</u>

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

March 31, 2024 and 2023

6. Long-Term Debt

Long-term debt consists of the following at March 31:

	<u>2024</u>	<u>2023</u>
Installment note payable, Yankee Farm Credit; converted from a variable interest rate to a fixed interest rate of 6.10% during the year ended March 31, 2018; payable in monthly installments of principal and interest of \$4,414; due February 2038; collateralized by real estate of the Society	\$497,885	\$519,778
Installment note payable, Small Business Administration, with an interest rate of 2.75%; payable in monthly installments of principal and interest of \$641 through April 2050. The loan is secured by the assets of the Society	<u>139,627</u>	<u>143,421</u>
	637,512	663,199
Less current portion	<u>(27,272)</u>	<u>(25,773)</u>
Total long-term debt, less current portion	<u>\$610,240</u>	<u>\$637,426</u>

Aggregate maturities required on long-term debt at March 31 are as follows:

2025	\$ 27,272
2026	28,851
2027	30,524
2028	32,290
2029	34,182
Thereafter	<u>484,393</u>
Total	<u>\$637,512</u>

7. Property and Equipment

Property and equipment consisted of the following at March 31:

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 9,165,965	\$ 8,157,935
Building and improvements	5,991,713	5,809,671
Equipment	285,809	231,796
Furniture and fixtures	27,930	27,930
Vehicles	4,479	4,479
Intangible assets	<u>10,000</u>	<u>—</u>
	15,485,896	14,231,811
Less accumulated depreciation	<u>(3,508,769)</u>	<u>(3,292,897)</u>
Property and equipment, net	<u>\$11,977,127</u>	<u>\$10,938,914</u>

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

March 31, 2024 and 2023

8. Liquidity and Availability of Resources

The Society has the following financial assets available within one year of the statement of financial position to meet cash needs for general expenditure:

Cash and cash equivalents	\$ 2,834,559
Accounts receivable	100,276
Investments	3,850,623
Unrestricted contributions and bequests receivable	311,883
Split-interest agreements	<u>3,357,390</u>
Total financial assets	10,454,731
Less amounts unavailable for general expenditures within one year, due to:	
Split-interest agreements	(3,357,390)
Real estate	<u>(1,331,000)</u>
Total amounts available for general expenditure within one year	5,766,341
Amounts unavailable to management without Board's approval:	
Donor – restricted endowment funds	<u>2,653,627</u>
Total financial assets available to management for general expenditure within one year	\$ <u>3,112,714</u>

9. Employee Retirement Plan

The Society has a tax deferred Annuity Retirement Plan that allows employees to make voluntary contributions, on a pre-tax basis, through salary reduction. The Society at times may make a matching contribution for each participating employee up to 6% of the participant's compensation. The Society did not make matching contributions for the years ending March 31, 2024 and 2023.

10. Contingent Liabilities

The Society has contracts with various state and federal agencies to provide conservation and other services. Under the terms of these agreements, the Society is required to provide the contracted services within the contract period for purposes specified in the budget. If program expenditures are determined not to have been made in compliance with the approved budget, the Society may be required to repay such funds.

11. National Wildlife Federation Affiliation

A formal affiliation between the National Wildlife Federation (NWF) and the Society was effective November 5, 2011. The benefits to the Society are both programmatic and pragmatic.

THE AUDUBON SOCIETY OF NEW HAMPSHIRE

NOTES TO FINANCIAL STATEMENTS

March 31, 2024 and 2023

11. National Wildlife Federation Affiliation (Continued)

Programmatically, NWF's mission focus is wildlife conservation. Its programs are rooted in policy, science, and education. Its scope is national. The Society's mission is protecting New Hampshire's environment for wildlife and for people. The Society's programs focus on policy, conservation science, education and land protection. The Society's focus is statewide, but many of the issues are national in scope, e.g., bird conservation and climate change.

Working with NWF, the Society has access to talented people whose knowledge complements the Society's staff. NWF serves a coordinating role for its New England affiliates and facilitates communication among the Society staff and other NWF affiliates working on the same issues.

From a practical standpoint, NWF is a large organization with more than 7,000 members in New Hampshire to whom the Society has access. A key organization goal for the Society is to build the membership base. Given the similarity in missions and work, NWF members are likely to be interested in the Society, but in all probability have never been asked to join. NWF offers affiliate training to help them build capacity and seeks to strengthen the regional environmental community through its affiliates. Annually, NWF and the Society identify areas on which to work together. Currently, capacity building is the primary focus. The scientific and policy staff are identifying additional areas of mutual interest and collaborating on an issue-by-issue basis.

12. Net Assets Without Donor Restrictions

The detail of net assets without donor restrictions is as follows at March 31:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 1,374,802	\$ 984,004
Land	1,687,525	1,687,525
Board designated endowment	<u>1,112,732</u>	<u>980,705</u>
Total net assets without donor restrictions	<u>\$4,175,059</u>	<u>\$3,652,234</u>

13. Net Assets With Donor Restrictions

The detail of net assets with donor restrictions is as follows at March 31:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose or time frame	\$ 3,911,389	\$ 3,906,321
Split interest agreement	3,357,390	3,265,766
Endowment subject to spending policy and appropriation	2,653,627	2,448,410
Permanent land holdings	<u>7,474,510</u>	<u>6,469,510</u>
Total net assets with donor restrictions	<u>\$17,396,916</u>	<u>\$16,090,007</u>