

AUDUBON COMMUNITY NATURE CENTER, INC.

**REPORT ON
FINANCIAL STATEMENTS**

**YEARS ENDED
SEPTEMBER 30, 2019 AND 2018**

AUDUBON COMMUNITY NATURE CENTER, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Audubon Community Nature Center, Inc.
Jamestown, New York

We have audited the accompanying financial statements of ***Audubon Community Nature Center, Inc.***, which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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, 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 ***Audubon Community Nature Center, Inc.*** as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements the Organization adopted a new accounting pronouncement, Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 - Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Jamestown, New York
February 28, 2020

AUDUBON COMMUNITY NATURE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION

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As of September 30,

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 130,884	\$ 51,686
Accounts receivables	8,585	5,765
Inventory	11,162	11,892
Prepaid expenses	5,635	5,180
Total current assets	156,266	74,523
Long-term assets		
Investments	1,863,668	2,019,933
Property and equipment, net	243,101	235,695
Beneficial interest in assets held by others	190,729	195,535
Total long-term assets	2,297,498	2,451,163
Total assets	\$ 2,453,764	\$ 2,525,686
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 6,661	\$ 2,629
Accrued expenses and deposits	22,700	22,567
Deferred revenue	30,564	98,733
Funds held for others	2,500	2,500
Total current liabilities	62,425	126,429
Net assets		
Without donor restrictions		
Undesignated	459,165	442,457
Board designated	1,647,745	1,696,109
Total net assets without donor restrictions	2,106,910	2,138,566
With donor restrictions	284,429	260,691
Total net assets	2,391,339	2,399,257
Total liabilities and net assets	\$ 2,453,764	\$ 2,525,686

See accompanying independent auditor's report and notes to financial statements.

AUDUBON COMMUNITY NATURE CENTER, INC.
STATEMENTS OF ACTIVITIES

Years ended September 30,	2019			2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and revenue						
Contributions and grants	\$ 9,465	\$ 277,654	\$ 287,119	\$ 51,216	\$ 165,342	\$ 216,558
Program fees	112,970	--	112,970	99,769	--	99,769
Special services and projects, net	48,102	--	48,102	21,950	--	21,950
Annual fund drive	45,125	--	45,125	41,778	--	41,778
Friends of Nature Center	45,130	--	45,130	38,353	--	38,353
Book store, less cost of sales	21,832	--	21,832	18,911	--	18,911
Community Foundations	11,059	--	11,059	10,196	--	10,196
Realized gain on investments	62,242	--	62,242	73,695	--	73,695
Unrealized (loss) gain on investments	(69,674)	--	(69,674)	83,793	--	83,793
Investment income, net of fees	42,476	--	42,476	35,698	--	35,698
Other income	10,476	--	10,476	10,855	--	10,855
Change in beneficial interest	--	(4,806)	(4,806)	--	14,298	14,298
National Audubon Society membership dues share	1,574	--	1,574	1,574	--	1,574
Net assets released from restrictions	249,110	(249,110)	--	184,772	(184,772)	--
Total support and revenue	589,887	23,738	613,625	672,560	(5,132)	667,428
Expenses						
Program services	445,359	--	445,359	412,868	--	412,868
Administrative and general	157,148	--	157,148	173,985	--	173,985
Fundraising	19,036	--	19,036	18,949	--	18,949
Total expenses	621,543	--	621,543	605,802	--	605,802
Change in net assets	(31,656)	23,738	(7,918)	66,758	(5,132)	61,626
Net assets, beginning of year	2,138,566	260,691	2,399,257	2,071,808	265,823	2,337,631
Net assets, end of year	\$ 2,106,910	\$ 284,429	\$ 2,391,339	\$ 2,138,566	\$ 260,691	\$ 2,399,257

AUDUBON COMMUNITY NATURE CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

Years ended September 30,

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Expenses								
Salaries and benefits	\$ 317,208	\$ 115,099	\$ 16,039	\$ 448,346	\$ 309,860	\$ 110,990	\$ 15,184	\$ 436,034
Insurance	--	12,317	--	12,317	--	12,333	--	12,333
Office expense	1,398	7,922	--	9,320	2,131	12,076	--	14,207
Professional fees	--	6,513	--	6,513	--	6,375	--	6,375
Administrative	963	8,669	--	9,632	2,378	21,399	--	23,777
Nature center building	33,999	--	--	33,999	32,311	--	--	32,311
Staff development	--	417	--	417	--	6,058	--	6,058
Education committee	34,490	3,832	--	38,322	13,648	1,516	--	15,164
Grounds	16,605	--	--	16,605	16,637	--	--	16,637
Operating committee	7,807	--	--	7,807	3,705	--	--	3,705
Annual fund	--	--	2,997	2,997	--	--	3,765	3,765
Depreciation	32,889	--	--	32,889	32,198	--	--	32,198
Miscellaneous	--	2,379	--	2,379	--	3,238	--	3,238
Total expenses	\$ 445,359	\$ 157,148	\$ 19,036	\$ 621,543	\$ 412,868	\$ 173,985	\$ 18,949	\$ 605,802

AUDUBON COMMUNITY NATURE CENTER, INC.
STATEMENTS OF CASH FLOWS

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Years ended September 30,

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (7,918)	\$ 61,626
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	32,889	32,198
Bad debt recovery	(1,378)	(907)
Realized gain on investments, net of fees	(62,242)	(73,695)
Unrealized loss (gain) on investments	69,674	(83,793)
Reinvested investment income	(37,912)	(27,011)
Support received for capital purposes	(35,000)	(18,550)
(Increase) decrease in accounts receivable	(2,820)	12,141
Decrease in promises to give	-	16,000
Decrease in inventory	730	79
(Increase) decrease in prepaid expenses	(455)	711
Decrease (increase) in beneficial interest in assets held by others	4,806	(14,298)
Increase in accounts payable	4,032	6
Increase (decrease) in accrued expenses	133	(1,754)
Increase (decrease) in deferred revenue	(68,169)	85,795
	(103,630)	(11,452)
Cash flows from investing activities:		
Capital expenditures	(40,295)	(21,306)
Net sales (purchases) of investments	112,895	(32,953)
Board designated endowment distribution	73,850	70,906
Collections on mortgage receivable	1,378	907
	147,828	17,554
Cash flows from financing activities:		
Support restricted for capital purposes	35,000	18,550
	35,000	18,550
Change in cash and cash equivalents	79,198	24,652
Cash and cash equivalents, beginning of year	51,686	27,034
Cash and cash equivalents, end of year	\$ 130,884	\$ 51,686

See accompanying independent auditor's report and notes to financial statements.

AUDUBON COMMUNITY NATURE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Audubon Community Nature Center, Inc. (Audubon), a chapter of the National Audubon Society, is a nonprofit corporation dedicated to connecting people to nature and promoting environmentally responsible practices through education at its Center, sanctuary, and in the community. Audubon's support comes primarily from grants, program fees, special projects, and fundraisers.

Basis of Accounting

The financial statements of Audubon have been prepared on the accrual basis of accounting. Audubon reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction - Net assets that are not subject to or are no longer subject to donor-imposed stipulations

Net Assets With Donor Restriction - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Cash and Cash Equivalents

Audubon maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2019 and 2018, Audubon's cash balances were fully insured.

Cash and cash equivalents in the amount of \$71,095 and \$138,762 invested with four financial institutions were classified as investments as of September 30, 2019 and 2018, respectively.

Accounting for Investments

Audubon has adopted Financial Accounting Standards Codification Topic 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Topic 958-320 requires nonprofit organizations to record certain investments at fair value with unrealized gains and losses being recorded in the Statement of Activities.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the Statements of Financial Position. The cost of specific securities sold is used to compute realized gains or losses on sales.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue

Support and revenue that is restricted by the donor/grantor is reported as an increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

All other donor/grantor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Inventories

Inventories are valued at lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

Property and Equipment

Acquisitions of non-expendable property are treated as capital additions of Audubon in the period in which they are acquired and asset values are recorded at that time. Property and equipment are carried at cost. Depreciation on fixed assets is recorded on a straight-line basis over the assets estimated useful lives ranging from five to twenty years.

It is Audubon's policy to capitalize assets purchased that cost \$500 or more individually.

AUDUBON COMMUNITY NATURE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

Audubon is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from New York State income taxes under Article 7-A of the Executive Law and the New York Estates, Powers, and Trusts Law. Therefore, no provision has been made for federal or New York State income taxes in the accompanying financial statements. In addition, Audubon qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Agency other than a private foundation under Section 509(a)(2).

Tax filings that remain subject to examination by taxing authorities include years 2016 and later.

Donated Services and Equipment

Donated services are recognized as contributions in accordance with the Financial Accounting Standards Board in the Financial Accounting Standards Codification Topic 958-605, *Contributions Received*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and otherwise would be purchased by Audubon. Volunteers also provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under Financial Accounting Standards Codification Topic 958-605 were not met. Volunteers provided 11,467 and 12,163 hours of service to Audubon during the years ended September 30, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated by management based on estimates among the programs and supporting services benefited.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

During the year ended September 30, 2019, Audubon adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 - Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses in investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 2).

The accompanying summarized information from the 2018 financial statements has been restated to conform to the 2019 presentation and disclosure requirements of ASU 2016-14.

NOTE 2 - LIQUIDITY

The following reflects Audubon's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Also, Audubon receives yearly distributions from investment funds held in its board designated endowment fund.

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash	\$ 130,884	\$ 51,686
Accounts receivable	8,585	5,765
Beneficial interest	190,729	195,535
Investments	<u>1,863,668</u>	<u>2,019,933</u>
Total financial assets	2,193,866	2,272,919
Less amounts not available for general expenditures within one year, due to:		
Net assets with donor restrictions	<u>(284,429)</u>	<u>(260,691)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,909,437</u>	<u>\$ 2,012,228</u>

AUDUBON COMMUNITY NATURE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTE 3 - INVESTMENTS

Investments are presented at fair value in the financial statements. The cost and fair value at September 30, 2019 and 2018 is summarized as follows:

	2019	
	Fair Value	Cost
Cash and cash equivalents	\$ 71,095	\$ 71,095
Mutual funds	1,548,290	1,303,563
Bonds	244,283	229,885
	<u>\$ 1,863,668</u>	<u>\$ 1,604,543</u>
	2018	
	Fair Value	Cost
Cash and cash equivalents	\$ 138,762	\$ 138,762
Mutual funds	1,781,560	1,452,454
Bonds	99,611	99,960
	<u>\$ 2,019,933</u>	<u>\$ 1,691,176</u>

NOTE 4 – FAIR VALUE

Certain assets of Audubon are reported at fair value in the accompanying Statements of Financial Position. A fair value hierarchy exists that prioritizes the inputs to valuation techniques used to measure fair value. As presented in the table below, this hierarchy consists of three broad levels. Level 1 inputs on the hierarchy consist of unadjusted quoted prices in active markets and have the highest priority. Level 2 inputs consist of quoted prices in active markets for similar assets or liabilities or quoted prices in inactive markets for identical or similar assets or liabilities. Level 3 inputs have the lowest priority. Audubon uses appropriate valuation techniques based on available inputs to measure the fair value of assets and liabilities.

	2019		
	Level 1	Level 2	Level 3
Trading securities	\$ 1,863,668	\$ --	\$ --
Beneficial interest in assets held by others	190,729	--	--
	<u>\$ 2,054,397</u>	<u>\$ --</u>	<u>\$ --</u>
	2018		
	Level 1	Level 2	Level 3
Trading securities	\$ 2,019,933	\$ --	\$ --
Beneficial interest in assets held by others	195,535	--	--
	<u>\$ 2,215,468</u>	<u>\$ --</u>	<u>\$ --</u>

NOTE 5 - MORTGAGE RECEIVABLE

Audubon has a mortgage with an outstanding receivable balance at September 30:

	2019	2018
Mortgage receivable due in monthly installments of \$166, including interest at 7%, balance due December 30, 2022.	\$ 7,638	\$ 9,021
Less: allowance for doubtful accounts	(7,638)	(9,021)
	<u>\$ --</u>	<u>\$ --</u>

The borrower has not consistently made the payments due on the mortgage receivable. As a result, during 2016 Audubon established an allowance for bad debts in the amount of \$10,000 and bad debt expense in the amount of \$10,000 was recorded in administrative and general expense on the Statement of Activities during the year ended September 30, 2016. During 2019 and 2018 the borrower made some payments and the allowance for bad debts was \$7,638 and \$9,021 as of September 30, 2019 and 2018, respectively. During the years ended September 30, 2019 and 2018, the borrower paid \$2,000 and \$1,500 including interest, respectively.

NOTE 6 - PROPERTY AND EQUIPMENT

At September 30, 2019 and 2018 property and equipment consist of the following:

	2019	2018
Land	\$ 52,772	\$ 52,772
Building	1,607,590	1,607,590
Sanctuary and site improvements	94,892	89,657
Vehicles and machinery	70,771	67,771
Building equipment and furniture	232,791	227,911
Construction in progress	16,000	--
	<u>2,074,816</u>	<u>2,045,701</u>
Less: accumulated depreciation	(1,831,715)	(1,810,006)
	<u>\$ 243,101</u>	<u>\$ 235,695</u>

Depreciation expense amounted to \$32,889 and \$32,198 for the years ended September 30, 2019 and 2018, respectively.

During the years ended 2019 and 2018 Audubon received grants for capital purchases totaling \$35,000 and \$18,550 respectively. This income was included in contributions and grants on the Statement of Activities. The expenditures were capitalized in accordance with generally accepted accounting principles rather than shown as expenditures to match the grant income directly.

AUDUBON COMMUNITY NATURE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

NOTE 7 – PROGRAM FEES

Program fees are detailed as follows for the years ended September 30, 2019 and 2018:

	2019		2018
Education programs with BOCES	\$ 36,962	\$	33,949
Day camp	29,925		28,205
Other programs	46,083		37,615
	<u>\$ 112,970</u>	<u>\$</u>	<u>99,769</u>

NOTE 8 - SPECIAL SERVICES AND PROJECTS

Special services and projects are detailed as follows for the years ended September 30, 2019 and 2018:

2019	Revenues	Expenses	Net
Auction	\$ 26,391	\$ 2,462	\$ 23,929
Monarch Butterfly	10,094	2,170	7,924
Nature festival	5,277	440	4,837
Enchanted forest	6,239	717	5,522
Bird seed savings day	13,797	6,277	7,520
Wild 5K	6,408	924	5,484
Other	3,715	10,829	(7,114)
	<u>\$ 71,921</u>	<u>\$ 23,819</u>	<u>\$ 48,102</u>

2018	Revenues	Expenses	Net
Auction	\$ 20,036	\$ 4,635	\$ 15,401
Monarch Butterfly	6,674	1,835	4,839
Nature festival	5,150	1,652	3,498
Enchanted forest	6,793	1,539	5,254
Bird seed savings day	11,457	6,478	4,979
Other	2,526	14,547	(12,021)
	<u>\$ 52,636</u>	<u>\$ 30,686</u>	<u>\$ 21,950</u>

NOTE 9 - NET ASSETS

Board Designated Net Assets without Donor Restrictions

As of September 30, 2019 and 2018, board designated net assets without donor restrictions are detailed as follows:

	2019		2018
Board designated endowment	\$ 1,555,374	\$	1,603,738
Special fund	69,244		69,244
Equipment and improvements	23,127		23,127
	<u>\$ 1,647,745</u>	<u>\$</u>	<u>1,696,109</u>

Distributions from the board designated endowment are made in accordance with the "Endowment Fund Investment Policy" which was modified by the Board of Directors in July, 2015. This Policy states that distributions shall equal 5% of the average market value of the Endowment funds over the prior twenty quarters.

The amount distributed from the endowment in 2019 and 2018 was \$73,850 and \$70,906, respectively.

Changes in Board Designated Endowment Net Assets without Donor Restrictions

	2019		2018
Endowment net assets, beginning of year	\$ 1,603,738	\$	1,511,903
Allocated investment income	98,860		82,645
Net allocated appreciation (depreciation)	(69,674)		83,793
Management fees	(3,700)		(3,697)
Appropriation for expenditures	(73,850)		(70,906)
Endowment net assets, end of year	<u>\$ 1,555,374</u>	<u>\$</u>	<u>1,603,738</u>

Net Assets with Donor Restrictions

At September 30, 2019 and 2018, net assets with donor restrictions are available for the following purposes:

	2019		2018
General education program for future periods	\$ 73,469	\$	44,925
Beneficial interest in assets held by others	190,729		195,535
Permanently restricted	20,231		20,231
	<u>\$ 284,429</u>	<u>\$</u>	<u>260,691</u>

AUDUBON COMMUNITY NATURE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 - RETIREMENT PLAN

Audubon sponsors a SEP/IRA retirement plan which provides benefits to all employees who meet an hours of service requirement. Employees can contribute to the plan, and employer contributions can be made up to 3% at the discretion of the Board of Directors, based on wages paid during the year.

Pension expense for the years ended September 30, 2019 and 2018 was \$6,393 and \$7,921, respectively.

NOTE 11 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Audubon executed an agreement in a previous year with the Chautauqua Region Community Foundation (CRCF) which established an endowment fund for their benefit at CRCF. The value of the fund at September 30, 2019 and 2018 was \$57,373 and \$59,045, respectively. In 2015 Audubon established a second endowment fund at (CRCF) for providing internships at Audubon. The value of the fund at September 30, 2019 and 2018 was \$98,121 and \$100,389, respectively. In 2017 Audubon established a third endowment fund at (CRCF) for providing science scholarships at Audubon. The value of the fund at September 30, 2019 and 2018 was \$10,767 and \$11,099, respectively.

A similar agreement was executed between Audubon and the Northern Chautauqua Community Foundation (NCCF). The value of the fund at September 30, 2019 and 2018 was \$24,468 and \$25,002, respectively.

The total value of these interests is shown in the Statements of Financial Position as a Beneficial Interest in Assets Held by Others.

The agreements state that the transfer of assets is irrevocable. However, Audubon will receive annual distributions of income earned on the endowment funds, subject to the respective Foundation's spending policies. This income is reported in the Statements of Activities as investment income. The agreements also grant variance power to the respective Foundations.

NOTE 12 – DEFERRED REVENUE

During November 2017 Audubon received a donation in the amount of \$102,000 from a donor for a new naturalist position, costs associated with a capital project study, and towards the capital campaign. Audubon met the criteria of the donor in the prior year in the amount of \$32,000 and this was recorded as a revenue in the Statement of Activities. During 2018, Audubon began discussions with the donor on a new purpose for the remaining balance which had to be formally agreed upon. The remaining \$70,000 was recorded as a deferred revenue on the Statement of Financial Position as of September 30, 2018. During the current year, Audubon finalized the new purpose of the donation with the donors to build a pavilion and recognized the \$70,000 as revenue on the Statement of Activities. Audubon has received other grants that are unspent at year end and included as deferred revenue which totaled \$30,564 and \$28,733 at September 30, 2019 and 2018, respectively.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events were evaluated through February 28, 2020, which is the date that the financial statements were available to be issued.