

*AUDUBON COMMUNITY NATURE CENTER, INC.*

**REPORT ON  
FINANCIAL STATEMENTS**

**YEARS ENDED  
SEPTEMBER 30, 2020 AND 2019**

**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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**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. 2014-09 – Revenue from Contracts with Customers (Topic 606) and Update No. 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." A prior period adjustment has been recorded resulting from the implementation of ASU No. 2014-09 standard. Our opinion is not modified with respect to this matter.

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Jamestown, New York**  
**January 12, 2021**

**AUDUBON COMMUNITY NATURE CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

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<i>As of September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 260,905	\$ 130,884
Accounts receivables	817	8,585
Inventory	17,843	11,162
Prepaid expenses	2,953	5,635
Total current assets	<b>282,518</b>	<b>156,266</b>
<b>Long-term assets</b>		
Investments	1,931,171	1,863,668
Property and equipment, net	321,561	243,101
Beneficial interest in assets held by others	194,120	190,729
Total long-term assets	<b>2,446,852</b>	<b>2,297,498</b>
Total assets	<b>\$ 2,729,370</b>	<b>\$ 2,453,764</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 11,763	\$ 6,661
Accrued expenses	24,718	22,700
Deferred revenue	32,639	55,459
Funds held for others	2,500	2,500
Total current liabilities	<b>71,620</b>	<b>87,320</b>
<b>Net assets</b>		
Without donor restrictions		
Undesignated	574,751	434,270
Board designated	1,775,938	1,647,745
Total net assets without donor restrictions	<b>2,350,689</b>	<b>2,082,015</b>
With donor restrictions	<b>307,061</b>	<b>284,429</b>
Total net assets	<b>2,657,750</b>	<b>2,366,444</b>
Total liabilities and net assets	<b>\$ 2,729,370</b>	<b>\$ 2,453,764</b>

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

**AUDUBON COMMUNITY NATURE CENTER, INC.**  
**STATEMENTS OF ACTIVITIES**

Years ended September 30,

	2020			2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Support and revenue</b>						
Contributions and grants	\$ 14,688	\$ 334,404	\$ 349,092	\$ 9,465	\$ 277,654	\$ 287,119
Program fees	93,579	--	93,579	112,970	--	112,970
Special services and projects, net	27,751	--	27,751	48,102	--	48,102
Annual fund drive	79,046	--	79,046	45,125	--	45,125
Friends of Nature Center	41,955	--	41,955	42,560	--	42,560
Book store, less cost of sales	15,735	--	15,735	21,832	--	21,832
Community Foundations	--	11,437	11,437	--	11,059	11,059
Realized gain on investments	22,767	--	22,767	62,242	--	62,242
Unrealized gain (loss) on investments	84,825	--	84,825	(69,674)	--	(69,674)
Investment income, net of fees	34,237	--	34,237	42,476	--	42,476
Other income	16,676	--	16,676	10,476	--	10,476
Payroll Protection Program (PPP) income	--	96,103	96,103	--	--	--
Change in beneficial interest	--	3,391	3,391	--	(4,806)	(4,806)
National Audubon Society membership dues share	1,574	--	1,574	1,574	--	1,574
Net assets released from restrictions	422,703	(422,703)	--	260,169	(260,169)	--
<b>Total support and revenue</b>	<b>855,536</b>	<b>22,632</b>	<b>878,168</b>	<b>587,317</b>	<b>23,738</b>	<b>611,055</b>
<b>Expenses</b>						
Program services	423,657	--	423,657	445,359	--	445,359
Administrative and general	146,240	--	146,240	157,148	--	157,148
Fundraising	16,965	--	16,965	19,036	--	19,036
<b>Total expenses</b>	<b>586,862</b>	<b>--</b>	<b>586,862</b>	<b>621,543</b>	<b>--</b>	<b>621,543</b>
<b>Change in net assets</b>	<b>268,674</b>	<b>22,632</b>	<b>291,306</b>	<b>(34,226)</b>	<b>23,738</b>	<b>(10,488)</b>
<b>Net assets, beginning of year</b>	<b>2,082,015</b>	<b>284,429</b>	<b>2,366,444</b>	<b>2,138,566</b>	<b>260,691</b>	<b>2,399,257</b>
<b>Prior period adjustment</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(22,325)</b>	<b>--</b>	<b>(22,325)</b>
<b>Net assets, end of year</b>	<b>\$ 2,350,689</b>	<b>\$ 307,061</b>	<b>\$ 2,657,750</b>	<b>\$ 2,082,015</b>	<b>\$ 284,429</b>	<b>\$ 2,366,444</b>

**AUDUBON COMMUNITY NATURE CENTER, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Years ended September 30,

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
<b>Expenses</b>								
Salaries and benefits	\$ 316,337	\$ 103,832	\$ 14,523	\$ 434,692	\$ 317,208	\$ 115,099	\$ 16,039	\$ 448,346
Insurance	--	13,243	--	13,243	--	12,317	--	12,317
Office expense	1,555	8,810	--	10,365	1,398	7,922	--	9,320
Professional fees	--	7,143	--	7,143	--	6,513	--	6,513
Administrative	938	8,438	--	9,376	963	8,669	--	9,632
Nature center building	35,516	--	--	35,516	33,999	--	--	33,999
Staff development	--	339	--	339	--	417	--	417
Education committee	16,463	1,829	--	18,292	34,490	3,832	--	38,322
Grounds	11,564	--	--	11,564	16,605	--	--	16,605
Operating committee	2,852	--	--	2,852	7,807	--	--	7,807
Annual fund	--	--	2,442	2,442	--	--	2,997	2,997
Depreciation	38,432	--	--	38,432	32,889	--	--	32,889
Miscellaneous	--	2,606	--	2,606	--	2,379	--	2,379
<b>Total expenses</b>	<b>\$ 423,657</b>	<b>\$ 146,240</b>	<b>\$ 16,965</b>	<b>\$ 586,862</b>	<b>\$ 445,359</b>	<b>\$ 157,148</b>	<b>\$ 19,036</b>	<b>\$ 621,543</b>

**AUDUBON COMMUNITY NATURE CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**

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**Years ended September 30,**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 291,306	\$ (10,488)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	38,432	32,889
Bad debt recovery	(1,387)	(1,378)
Realized gain on investments	(22,767)	(62,242)
Unrealized (gain) loss on investments	(84,825)	69,674
Reinvested investment income	(29,677)	(37,912)
Support received for capital purposes	(75,900)	(35,000)
Decrease (increase) in accounts receivable	7,768	(2,820)
(Increase) decrease in inventory	(6,681)	730
Decrease (increase) in prepaid expenses	2,682	(455)
(Increase) decrease in beneficial interest in assets held by others	(3,391)	4,806
Increase in accounts payable	5,102	4,032
Increase in accrued expenses	2,018	133
Decrease in deferred revenue	(22,820)	(65,599)
Net cash provided by (used in) operating activities	<b>99,860</b>	<b>(103,630)</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(116,892)	(40,295)
Net sales of investments	69,766	112,895
Board designated endowment distribution	-	73,850
Collections on mortgage receivable	1,387	1,378
Net cash (used in) provided by investing activities	<b>(45,739)</b>	<b>147,828</b>
<b>Cash flows from financing activities:</b>		
Support restricted for capital purposes	75,900	35,000
Net cash provided by financing activities	<b>75,900</b>	<b>35,000</b>
<b>Change in cash and cash equivalents</b>	<b>130,021</b>	<b>79,198</b>
Cash and cash equivalents, beginning of year	130,884	51,686
<b>Cash and cash equivalents, end of year</b>	<b>\$ 260,905</b>	<b>\$ 130,884</b>

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

**AUDUBON COMMUNITY NATURE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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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, 2020 and 2019, Audubon's cash balances were fully insured.

Cash and cash equivalents in the amount of \$74,214 and \$71,095 invested with four financial institutions were classified as investments as of September 30, 2020 and 2019, 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 Statements 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)**

Revenue Recognition

As discussed in the "New Accounting Pronouncements" section below, the Audubon adopted the new revenue recognition standard at the beginning of the fiscal year 2019. Accordingly, revenue is recognized when performance obligations under the terms of a contract with the customer are satisfied based on the transfer of control of promised goods or services.

Revenue Recognition from Exchange Transactions

The Audubon has multiple revenue streams that are accounted for as exchange transactions including membership dues, friends of Nature Center program fees, and special services and projects.

Membership dues, program revenues, and special services and projects consist of amounts that families and individuals pay to visit the Nature Center building, participate in various programs, and use the Audubon facilities for various events. Members join for period of one year pay annually. The Audubon offers a variety of programs and special service projects including day camp, public programming, birthday parties, youth programs, monarch butterfly, nature festival, enchanted forest, bird seed savings day, and other programs and special service projects. Fee-based programs are available to the general public. Programs typically require a 50% non-refundable deposit paid in advance, and remaining balance is required to be paid at the start of the program. Special services and projects are usually one-time events in which the revenue is recorded at the time cash is received. The revenue is earned and received during the same fiscal year for these events. During the fiscal year Enchanted forest and the bird seed savings day monies received in advance of event or sale are recorded as deferred revenue at September 30. Refunds may be available for services not provided.

Annual membership dues are recognized ratably over the membership period.

Prior to the adoption of the new revenue recognition standard, revenue was recognized when cash was received for membership dues.

**AUDUBON COMMUNITY NATURE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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**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.

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)**

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 2017 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 6,854 and 11,467 hours of service to Audubon during the years ended September 30, 2020 and 2019, 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 Functional Expenses. Accordingly, certain costs have been allocated by management based on estimates among the programs and supporting services benefited.

New Accounting Pronouncements

Effective October 1, 2019, the Audubon adopted Accounting Standards Updated (ASU) No. 2014-09, "Revenue From Contracts With Customers (Topic 606)", a new accounting standard on revenue recognition that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts.

During the current year a prior period adjustment was recorded in the amount of \$22,325 due to the implementation of the new accounting standard. Previously the Audubon recorded membership dues as revenue when received. Revenues are earned as performance obligations are satisfied over time during the applicable membership period.

**AUDUBON COMMUNITY NATURE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

New Accounting Pronouncements

The Audubon adjusted its 2019 financial statements from amounts previously reported to adopt the new revenue recognition guidance. The following line items in the balance sheet changed from what was previously reported as of September 30, 2019:

	<u>As Previously Reported</u>	<u>Change as Currently Reported</u>	<u>Adjustment</u>
<b>Liabilities</b>			
Deferred revenue	\$ 30,564	\$ 55,459	\$ 24,895
<b>Net assets</b>			
Net assets without donor restrictions	2,106,910	2,082,015	(24,895)

The impact of adopting the new revenue recognition standard was a decrease to the Audubon's 2019 revenue of \$24,895 related to membership dues which were previously recorded as revenue when received. (See the Audubon's accounting policies in Note 1 under revenue recognition.) The following line items in the Statements of Activities and the Statements of Cash Flows changed from what was previously reported for the year ended September 30, 2019:

	<u>As Previously Reported</u>	<u>Change as Currently Reported</u>	<u>Adjustment</u>
<b>Revenue</b>			
Friends of Nature Center	\$ 45,130	\$ 42,560	\$ (2,570)
<b>Change in net</b>	(7,918)	(10,488)	(2,570)
<b>Cash Flows</b>			
Change in net assets	(7,918)	(10,488)	(2,570)
Change in deferred revenue	(68,169)	(65,599)	(2,570)

Also, effective October 1, 2019 the Audubon adopted Accounting Standards Update (ASU) No. 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." The new guidance includes specific criteria when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. The new standard also provides a framework to determine whether a contribution is conditional or unconditional.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

New Accounting Pronouncements (continued)

The amendments of ASU 2018-08 regarding contribution income were applied on the modified prospective basis as required by the standard. As a result of that update, certain unspent grants received in the current year totaling approximately \$24,000 were recognized as contributions with donor restrictions on the 2020 Statements of Activities. Under previous guidance these grants would have been reported as an exchange transaction and recorded as deferred revenue on the Statements of Financial Position.

Payroll Protection Program (PPP)

The Audubon accounts for PPP funds expected to be forgiven as contribution revenue during the current fiscal year which aligns with the period when requirements of the program, including incurring eligible expenses, limitations on reductions to compensation and meeting certain full-time equivalent (FTE) were met.

**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>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash	\$ 260,905	\$ 130,884
Accounts receivable	817	8,585
Beneficial interest	194,120	190,729
Investments	1,931,171	1,863,668
Total financial assets	2,387,013	2,193,866
Less amounts not available for general expenditures within one year, due to:		
Net assets with donor restrictions	(307,061)	(284,429)
Financial assets available to meet general expenditures over the next twelve months	\$ 2,079,952	\$ 1,909,437

If necessary, the Audubon has access to investments without donor restrictions that are board designated for endowment. Although, Audubon does not intend to spend from these amounts, other than annual distribution to support operations, the assets could be made available if necessary through approval of the Board of Directors.

**AUDUBON COMMUNITY NATURE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**NOTE 3 - INVESTMENTS**

Investments are presented at fair value in the financial statements. The cost and fair value at September 30, 2020 and 2019 is summarized as follows:

	2020	
	Fair Value	Cost
Cash and cash equivalents	\$ 74,214	\$ 74,214
Mutual funds	1,754,808	1,406,712
Bonds	102,149	105,911
	<u>\$ 1,931,171</u>	<u>\$ 1,586,837</u>
	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>

**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.

	2020		
	Level 1	Level 2	Level 3
Trading securities	\$ 1,931,171	\$ --	\$ --
Beneficial interest in assets held by others	194,120	--	--
	<u>\$ 2,125,291</u>	<u>\$ --</u>	<u>\$ --</u>
	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>

**NOTE 5 - MORTGAGE RECEIVABLE**

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

	2020	2019
Mortgage receivable due in monthly installments of \$166, including interest at 7%, balance due December 30, 2022.	\$ 6,251	\$ 7,638
Less: allowance for doubtful accounts	(6,251)	(7,638)
	<u>\$ --</u>	<u>\$ --</u>

The borrower had consistently not 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 2020 and 2019 the borrower made payments on the mortgage receivable and the allowance for bad debts was \$6,251 and \$7,638 as of September 30, 2020 and 2019, respectively. During the years ended September 30, 2020 and 2019, the borrower paid \$2,000 and \$2,000 including interest, respectively, which is recorded in other income on the Statements of Activities.

**NOTE 6 - PROPERTY AND EQUIPMENT**

At September 30, 2020 and 2019 property and equipment consist of the following:

	2020	2019
Land	\$ 52,772	\$ 52,772
Building	1,684,490	1,607,590
Sanctuary and site improvements	113,989	94,892
Vehicles and machinery	70,771	70,771
Building equipment and furniture	264,370	232,791
Construction in progress	-	16,000
	<u>2,186,392</u>	<u>2,074,816</u>
Less: accumulated depreciation	(1,864,831)	(1,831,715)
	<u>\$ 321,561</u>	<u>\$ 243,101</u>

Depreciation expense amounted to \$38,432 and \$32,889 for the years ended September 30, 2020 and 2019, respectively.

During the years ended 2020 and 2019 Audubon received grants for capital purchases totaling \$75,900 and \$35,000 respectively. This income was included in contributions and grants on the Statements of Activities. The purchases were capitalized in accordance with generally accepted accounting principles rather than shown as expenses to match the grant income directly.

**AUDUBON COMMUNITY NATURE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**NOTE 7 – PROGRAM FEES**

Program fees are detailed as follows for the years ended September 30, 2020 and 2019:

	2020	2019
Education programs with BOCES	\$ 29,129	\$ 36,962
Day camp	36,905	29,925
Other programs	27,545	46,083
	<u>\$ 93,579</u>	<u>\$ 112,970</u>

**NOTE 8 - SPECIAL SERVICES AND PROJECTS**

Special services and projects are detailed as follows for the years ended September 30, 2020 and 2019:

2020	Revenues	Expenses	Net
Auction	\$ 23,859	\$ 4,139	\$ 19,720
Monarch Butterfly	2,235	-	2,235
Nature festival	5,011	534	4,477
Enchanted forest	5,020	362	4,658
Bird seed savings day	10,230	5,676	4,554
Wild 5K	2,096	1,219	877
Other	2,124	10,894	(8,770)
	<u>\$ 50,575</u>	<u>\$ 22,824</u>	<u>\$ 27,751</u>

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>

**NOTE 9 – PAYROLL PROTECTION PROGRAM (PPP)**

On May 1, 2020, the Audubon received \$10,000 advance from the Economic Injury Disaster Loan (EIDL). The advance is not required to be repaid and therefore recognized as revenue.

On May 3, 2020, Audubon Community Nature Center, Inc. was granted from Northwest Bank, N.A. in the aggregate amount of \$86,103, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Audubon used the entire proceeds for qualifying expenses and therefore in October 2020 applied for loan forgiveness in the amount of \$76,103 (\$86,103 less the EIDL advance of \$10,000). In January 2021, the Audubon applied for loan forgiveness on the remaining balance of \$10,000. As a result of meeting the conditions of the program, Audubon has recognized the proceeds as revenue on the Statements of Activities during the year ended September 30, 2020.

**NOTE 10 - NET ASSETS**

Board Designated Net Assets without Donor Restrictions

As of September 30, 2020 and 2019, board designated net assets without donor restrictions are detailed as follows:

	2020	2019
Board designated endowment	\$ 1,683,567	\$ 1,555,374
Special fund	69,244	69,244
Equipment and improvements	23,127	23,127
	<u>\$ 1,775,938</u>	<u>\$ 1,647,745</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 2020 and 2019 was \$0 and \$73,850, respectively.

**AUDUBON COMMUNITY NATURE CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**NOTE 10 - NET ASSETS (CONTINUED)**

Changes in Board Designated Endowment Net Assets without Donor Restrictions

	2020	2019
Endowment net assets, beginning of year	\$ 1,555,374	\$ 1,603,738
Allocated investment income	43,368	98,860
Net allocated appreciation (depreciation)	84,825	(69,674)
Management fees	--	(3,700)
Appropriation for expenditures	--	(73,850)
Endowment net assets, end of year	<u>\$ 1,683,567</u>	<u>\$ 1,555,374</u>

Net Assets with Donor Restrictions

At September 30, 2020 and 2019, net assets with donor restrictions are available for the following purposes:

	2020	2019
General education program for future periods	\$ 92,710	\$ 73,469
Beneficial interest in assets held by others	194,120	190,729
Permanently restricted	20,231	20,231
	<u>\$ 307,061</u>	<u>\$ 284,429</u>

**NOTE 11 - 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, 2020 and 2019 was \$7,691 and \$6,393, respectively.

**NOTE 12 - 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, 2020 and 2019 was \$58,819 and \$57,373, respectively. In 2015 Audubon established a second endowment fund at (CRCF) for providing internships at Audubon. The value of the fund at September 30, 2020 and 2019 was \$99,362 and \$98,121, 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, 2020 and 2019 was \$11,446 and \$10,767, respectively.

**NOTE 12 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (CONTINUED)**

A similar agreement was executed between Audubon and the Northern Chautauqua Community Foundation (NCCF). The value of the fund at September 30, 2020 and 2019 was \$24,493 and \$24,468, 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 13 - DEFERRED REVENUE**

The Audubon has received monies that are unearned at year end and included as deferred revenue which totaled \$32,639 and \$55,459 at September 30, 2020 and 2019, respectively. In the prior year the Audubon received grants that were unspent at September 30, 2019, these are no longer recorded as deferred revenue, see note 1 "New Accounting Pronouncement".

**NOTE 14 - REVENUES**

Disaggregation of revenue

As disclosed in Note 1, Audubon is dedicated to connecting people to nature and promoting environmentally responsible practices through education at its Center, sanctuary, and in the community. As a result, that Audubon is dependent on the strength of the economy and its ability to collect amounts owed. Disaggregated revenues of Audubon are presented in the Statements of Activities (page 3).

Contract balances

Accounts receivable represent Audubon's unconditional right to receive consideration from a customer. There is no allowance for uncollectible accounts at September 30, 2020 and 2019.

The Audubon has no contract assets as of September 30, 2020 and 2019. Contract liabilities consists of deferred membership and events of \$32,639 and \$55,459 as of September 30, 2020 and 2019. Deferred grants were included in the September 30, 2019 balance before the adoption of the new accounting standard (see Note 1).

Performance Obligations

The Audubon's performance obligations are generally satisfied when the related expenditures are incurred over the service period and the services have been performed.

**NOTE 14 – REVENUES (CONTINUED)**

Transition Disclosures and Significant Judgments

See Note 1 for effects of the recognition of revenue for 2019 as a result of the adoption of this Standard No. 2014-09. In addition, there were no significant judgments affecting the determination of the amount and timing of revenue from contracts with customers during the years ended September 30, 2020 and 2019.

**NOTE 15 – COVID-19 PANDEMIC**

In March 2020, the outbreak of COVID-19 caused by a novel strain of the coronavirus has been recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses, “shelter in place” and other governmental regulations, and reduced consumer spending due to both job losses and other effects attributable to the pandemic. The extent and impact of the pandemic on the Audubon and its operations are uncertain and cannot be reasonably estimated at this time.

During the year ended September 30, 2020, the Audubon received \$86,103 related to the PPP program and \$10,000 related to the EIDL program related to the Coronavirus Pandemic as disclosed in Note 9. The Audubon has recognized \$96,103 of the program as income for the fiscal year ended September 30, 2020.

**NOTE 16 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through January 12, 2021, which is the date that the financial statements were available to be issued.