

**AUDUBON SOCIETY OF RHODE ISLAND**

**Financial Statements**

**Year Ended December 31, 2023**

**(With Independent Auditors' Report Thereon)**

**AUDUBON SOCIETY OF RHODE ISLAND**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2023**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
Audubon Society of Rhode Island:

### **Opinion**

We have audited the accompanying financial statements of Audubon Society of Rhode Island (a Rhode Island not-for-profit corporation) (the Society), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Audubon Society of Rhode Island as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America, 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 for one year after the date that the financial statements are available to be issued.

## 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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

## Report on Summarized Comparative Information

We have previously audited Audubon Society of Rhode Island's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kahn, Litwin, Renya & Co, Ltd.*

June 28, 2024

**AUDUBON SOCIETY OF RHODE ISLAND**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2023**  
**(With Comparative Totals at December 31, 2022)**



	2023				2022
Assets	Operating	Plant	Long-term Investments	Total	Total
Current Assets:					
Cash and cash equivalents	\$ 1,525,060	\$ -	\$ -	\$ 1,525,060	\$ 1,391,305
Investments, current	-	-	974,551	974,551	966,812
Accounts and grants receivable	197,180	-	-	197,180	198,835
Inventory	20,595	-	-	20,595	23,703
Prepaid expenses and other assets	22,610	-	-	22,610	40,932
<b>Total current assets</b>	<b>1,765,445</b>	<b>-</b>	<b>974,551</b>	<b>2,739,996</b>	<b>2,621,587</b>
Restricted Cash	-	199,593	-	199,593	158,784
Property and Equipment, net	-	2,642,207	-	2,642,207	2,809,117
Investments, non-current	-	-	16,837,837	16,837,837	15,038,048
Beneficial Interest in Assets Held by Others	-	-	224,806	224,806	207,734
Wildlife Refuges	-	14,896,618	-	14,896,618	14,280,918
<b>Total Assets</b>	<b>\$ 1,765,445</b>	<b>\$ 17,738,418</b>	<b>\$ 18,037,194</b>	<b>\$ 37,541,057</b>	<b>\$ 35,116,188</b>
<b>Liabilities and Net Assets</b>					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 280,544	\$ -	\$ -	\$ 280,544	\$ 246,615
Charitable gift annuity, current portion	1,321	-	-	1,321	1,258
Deferred revenue	20,747	-	-	20,747	36,737
<b>Total current liabilities</b>	<b>302,612</b>	<b>-</b>	<b>-</b>	<b>302,612</b>	<b>284,610</b>
Charitable Gift Annuity, less current portion	13,254	-	-	13,254	14,575
<b>Total liabilities</b>	<b>315,866</b>	<b>-</b>	<b>-</b>	<b>315,866</b>	<b>299,185</b>
Net Assets:					
Without donor restrictions	822,373	17,538,825	12,944,110	31,305,308	29,476,435
With donor restrictions	627,206	199,593	5,093,084	5,919,883	5,340,568
<b>Total net assets</b>	<b>1,449,579</b>	<b>17,738,418</b>	<b>18,037,194</b>	<b>37,225,191</b>	<b>34,817,003</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,765,445</b>	<b>\$ 17,738,418</b>	<b>\$ 18,037,194</b>	<b>\$ 37,541,057</b>	<b>\$ 35,116,188</b>

AUDUBON SOCIETY OF RHODE ISLAND  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2023  
(With Comparative Totals for the Year Ended December 31, 2022)



	2023				2022
	Operating	Plant	Long-term Investments	Total	Total
Changes in Net Assets Without Donor Restrictions:					
Revenue and support:					
Contributions	\$ 701,662	\$ -	\$ 26,205	\$ 727,867	\$ 809,449
Grants	1,338,183	-	-	1,338,183	1,069,215
Program fees	273,157	-	-	273,157	230,726
Rental income	96,123	-	-	96,123	81,820
Admissions and other income	49,815	-	-	49,815	57,227
Contributed nonfinancial assets	15,585	615,700	-	631,285	38,697
Sale of merchandise, net of cost					
of goods sold of \$64,690 and \$69,293, respectively	28,931	-	-	28,931	23,977
Special events, net of direct expenses					
of \$95,935 and \$95,446, respectively	50,740	-	-	50,740	(26,681)
Investment return, net	25,373	-	2,031,243	2,056,616	(2,356,581)
Net assets released from restrictions	286,251	8,211	277,364	571,826	619,274
Endowment appropriations	1,005,908	-	(1,005,908)	-	-
<b>Total revenue and support</b>	<b>3,871,728</b>	<b>623,911</b>	<b>1,328,904</b>	<b>5,824,543</b>	<b>547,123</b>
Expenses:					
Program services	2,711,548	216,422	-	2,927,970	2,682,957
Management and general	630,968	17,547	-	648,515	640,539
Fundraising	419,185	-	-	419,185	416,278
<b>Total expenses</b>	<b>3,761,701</b>	<b>233,969</b>	<b>-</b>	<b>3,995,670</b>	<b>3,739,774</b>
<b>Change in net assets without donor restrictions</b>	<b>110,027</b>	<b>389,942</b>	<b>1,328,904</b>	<b>1,828,873</b>	<b>(3,192,651)</b>
Changes in Net Assets With Donor Restrictions:					
Contributions	329,061	49,020	-	378,081	279,780
Investment return, net	-	-	773,060	773,060	(890,974)
Net assets released from restrictions	(286,251)	(8,211)	(277,364)	(571,826)	(619,274)
<b>Change in net assets with donor restrictions</b>	<b>42,810</b>	<b>40,809</b>	<b>495,696</b>	<b>579,315</b>	<b>(1,230,468)</b>
<b>Change in net assets</b>	<b>152,837</b>	<b>430,751</b>	<b>1,824,600</b>	<b>2,408,188</b>	<b>(4,423,119)</b>
<b>Net Assets, beginning of year</b>	<b>1,355,590</b>	<b>17,248,819</b>	<b>16,212,594</b>	<b>34,817,003</b>	<b>39,240,122</b>
Transfer from operations	(58,848)	58,848	-	-	-
<b>Net Assets, end of year</b>	<b>\$ 1,449,579</b>	<b>\$ 17,738,418</b>	<b>\$ 18,037,194</b>	<b>\$ 37,225,191</b>	<b>\$ 34,817,003</b>

THE AUDUBON SOCIETY OF RHODE ISLAND  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2023  
(With Comparative Totals for the Year Ended December 31, 2022)



	2023								2022	
	Properties and Conservation	Educational and Public Programs	Audubon Nature Center and Aquarium	Water Resources	Advocacy	Total Program Services	Management and General	Fundraising	Total	Total
Salaries and Related Expenses:										
Salaries	\$ 378,606	\$ 890,523	\$ 154,120	\$ 121,137	\$ 78,865	\$ 1,623,251	\$ 346,918	\$ 133,922	\$ 2,104,091	\$ 1,819,834
Payroll taxes	30,086	63,952	11,923	9,649	5,960	121,570	27,698	9,662	158,930	147,044
Employee benefits	88,345	121,700	16,473	12,374	6,370	245,262	76,197	18,215	339,674	302,849
<b>Total salaries and related expenses:</b>	<b>497,037</b>	<b>1,076,175</b>	<b>182,516</b>	<b>143,160</b>	<b>91,195</b>	<b>1,990,083</b>	<b>450,813</b>	<b>161,799</b>	<b>2,602,695</b>	<b>2,269,727</b>
Operating Expenses:										
Professional fees	79	4,894	709	55,640	-	61,322	84,289	101,119	246,730	206,170
Program expenses	54,709	85,386	44,987	14,163	104	199,349	3,530	451	203,330	213,623
Repairs, maintenance, tools and services	16,000	6,214	17,398	-	-	39,612	-	-	39,612	45,241
Utilities and rent	62,498	-	63,467	-	-	125,965	-	-	125,965	111,868
Insurance	53,626	8,995	6,928	-	-	69,549	26,725	-	96,274	91,722
Vehicle expense	27,330	13,063	193	1,486	330	42,402	699	3,348	46,449	38,138
Telephone	8,295	-	3,242	-	-	11,537	11,447	-	22,984	22,076
Office, printing and postage	967	879	3,771	-	2,313	7,930	15,941	83,154	107,025	90,859
Wildlife and property management	73,395	5,795	50,993	-	-	130,183	-	-	130,183	169,786
Advertising and public communications	639	-	94	-	-	733	-	22,014	22,747	20,807
Computer expenses	3,438	-	2,563	361	2,345	8,707	11,268	26,626	46,601	43,498
Conferences and meetings	-	7,789	-	-	-	7,789	-	1,532	9,321	16,987
Other expenses	2,248	1,202	6,900	-	6,037	16,387	26,256	19,142	61,785	139,594
<b>Total operating expenses</b>	<b>303,224</b>	<b>134,217</b>	<b>201,245</b>	<b>71,650</b>	<b>11,129</b>	<b>721,465</b>	<b>180,155</b>	<b>257,386</b>	<b>1,159,006</b>	<b>1,210,369</b>
Depreciation	116,985	29,246	70,191	-	-	216,422	17,547	-	233,969	259,678
<b>Total expenses</b>	<b>\$ 917,246</b>	<b>\$ 1,239,638</b>	<b>\$ 453,952</b>	<b>\$ 214,810</b>	<b>\$ 102,324</b>	<b>\$ 2,927,970</b>	<b>\$ 648,515</b>	<b>\$ 419,185</b>	<b>\$ 3,995,670</b>	<b>\$ 3,739,774</b>

See accompanying notes to the financial statements and independent auditors' report.

**THE AUDUBON SOCIETY OF RHODE ISLAND**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2023**  
**(With Comparative Totals for the Year Ended December 31, 2022)**



	<b>2023</b>	<b>2022</b>
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,408,188	\$ (4,423,119)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	233,969	259,678
Net (gain) loss on investments	(2,405,881)	3,548,698
Donated stock	(26,092)	(26,729)
Beneficial interest in assets held by others net change	(17,072)	36,139
Contributed nonfinancial assets	(615,700)	-
Changes in assets and liabilities:		
Accounts and grants receivable	1,655	16,075
Inventory	3,108	5,082
Prepaid expenses and other assets	18,322	(26,660)
Accounts payable and accrued expenses	33,929	57,722
Charitable gift annuity	(1,258)	(1,199)
Deferred revenue	(15,990)	20,770
<b>Net cash used by operating activities</b>	<b>(382,822)</b>	<b>(533,543)</b>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(67,059)	(66,077)
Purchase of investments	(1,054,193)	(2,844,232)
Proceeds from sale of investments	1,678,638	3,628,513
<b>Net cash provided by investing activities</b>	<b>557,386</b>	<b>718,204</b>
<b>Net Increase in Cash, Cash Equivalents and Restricted Cash</b>	<b>174,564</b>	<b>184,661</b>
<b>Cash, Cash Equivalents and Restricted Cash, beginning of year</b>	<b>1,550,089</b>	<b>1,365,428</b>
<b>Cash, Cash Equivalents and Restricted Cash, end of year</b>	<b>\$ 1,724,653</b>	<b>\$ 1,550,089</b>
<b>Reconciliation of Cash, Cash Equivalents and Restricted Cash:</b>		
Cash and cash equivalents	\$ 1,525,060	\$ 1,391,305
Cash restricted for land acquisition	199,593	158,784
	<b>\$ 1,724,653</b>	<b>\$ 1,550,089</b>

See Note 10 for a description of noncash investing activity.



**AUDUBON SOCIETY OF RHODE ISLAND  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2023**



**1. Nature of Operations**

Audubon Society of Rhode Island (the Society) is a not-for-profit corporation established in 1897 and is the oldest environmental organization to promote natural, wildlife resource preservation and public education. The Society is supported primarily through donor contributions, grants, and investment income. The Society's mission is to protect birds, other wildlife and their habitat through conservation, education and advocacy for the benefit of people and all living things.

**2. Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Society is presented to assist the reader in understanding the Society's financial statements. The financial statements and notes are representations of the Society's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

***Comparative Financial Information***

The accompanying financial statements include certain prior year summarized comparative information in total, without accompanying note disclosures and certain functional expense information. Such information does not include sufficient detail to constitute a presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with the Society's financial statements and related notes for the year ended December 31, 2022, from which the summarized information was derived.

***Basis of Presentation***

The Society prepares its financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

***Net Assets Without Donor Restrictions***

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

***Net Assets With Donor Restrictions***

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**AUDUBON SOCIETY OF RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2023**



In addition, the activities of the Society are reported in self-balancing fund groups as follows:

***Operating Fund***

Represents funds available for support of operations.

***Plant Fund***

Represents (a) property, equipment and wildlife refuges; (b) funds receivable related to capital repair and renovation and wildlife refuge acquisition; (c) resources designated for further property, equipment and wildlife refuge acquisitions.

***Long-Term Investments Fund***

Represents funds designated by the Board for future use or subject to donor restriction of gift instruments requiring that the principal is invested in perpetuity and only the earnings be used.

***Cash and Cash Equivalents***

The Society considers all cash balances and highly liquid investments with an original maturity of three months or less to be cash equivalents, except those funds which the Board has designated for investment.

***Accounts and Grants Receivable***

The Society carries its accounts receivable at net realizable value. On a periodic basis, the Society evaluates its accounts receivable and provides for expected credit losses through a charge to earnings and a credit to a valuation allowance based on historical experience, current conditions, and reasonable and supportable forecasts.

The Society does not accrue interest on its accounts receivable. A receivable is considered past due if payment has not been received within stated terms. The Society will then exhaust all methods in-house to collect the receivable. Once all particular resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for credit losses. At year-end, the Society determined an allowance for credit losses was not necessary as all receivables were considered collectible.

***Inventory***

The gift shop inventory has been recorded at the lower of cost or net realizable value using the first-in, first-out method. The inventory consists of retail items such as books, bird feeders, and various other items which relate to the Society's educational and environmental programs.

**AUDUBON SOCIETY OF RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2023**



***Property and Equipment***

All expenditures for property and equipment in excess of \$5,000 are capitalized at cost; the fair value of donated assets is similarly recorded. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, ranging from five to sixty years.

***Investments and Fair Value Measurements***

The Society reports its investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach, as specified by authoritative guidance, are used to measure fair value. Investments classified as current on the statement of financial position include the amount available to be spent within one year based on the endowment spending rate as determined by the Board of Directors.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Society has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Society's own data.

The Society reports investments at fair value on a recurring basis. These investments are classified as levels 1 and 2 within the fair value hierarchy.

Level 1 investments owned by the Society and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date. In the absence of recorded sales, level 1 investments are valued at the last quoted bid price reported as of the financial statement reporting date.

Level 2 investment values are determined by obtaining non-binding market prices from the Society's third-party portfolio managers as of the financial statement reporting date. These investments are less actively traded in the market, but quoted market prices exist for similar instruments that are actively traded.

**AUDUBON SOCIETY OF RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2023**



Investments held by the Rhode Island Foundation (the Foundation) are measured at net asset value (NAV) as a practical expedient to approximate fair value.

The Board of Directors has the responsibility for investment activity for the Society and maintains a combined portfolio for net assets without donor restrictions (including board-designated assets) and net assets with donor restrictions. The investments are maintained in a pooled “mutual fund” accounting basis with the total earnings, investment expenses, appreciation and depreciation, whether realized or unrealized, being allocated to each unrestricted and restricted fund within the portfolio on a pro rata basis. Amounts in unrestricted accounts may be withdrawn when required for use by the Society.

Realized and unrealized gains and losses are included in net investment return in the statement of activities. Gains and losses on investments are reported as changes in net assets without donor restrictions, unless restricted by a donor’s explicit stipulation or by a law that extends a donor’s restriction.

Dividends and interest are recorded as received, which does not differ materially from the accrual basis. Purchases and sales of securities are recorded on the trade date.

***Wildlife Refuges***

Easements acquired by the Society represent numerous restrictions over the use and development of land not owned by the Society. These easements generally provide that the land will be maintained unimpaired in its current natural, agricultural, scenic or recreational state. Land protected by conservation easements held by the Society are valued at cost on the statement of financial position.

The Society capitalizes contributions of land or easements as wildlife refuges. Land purchased for wildlife preservation is recorded at cost as of the date of acquisition. Land donated for wildlife preservation is recorded at estimated fair value at the date of donation.

***Deferred Revenue***

Advanced funds are recorded in the accounting records by the Society as deferred revenue until such time as the Society incurs expenditures related to the specific program for which the funds have been received.

***Support and Revenue Recognition***

***Contributions*** - The Society recognizes contributions when cash, securities, or other assets, an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barriers and a right of return - are not recognized until the conditions on which they depend have been met.

**AUDUBON SOCIETY OF RHODE ISLAND  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2023**



The Society has been named a beneficiary in multiple contributors' wills and planned giving arrangements. These contributions have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met. The amount of the planned contributions cannot be reasonably estimated at this time.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions in the year in which the contribution is made, depending on the existence and nature of any donor restrictions. Contributions may include actual gifts or promises to give. Such contributions are available for unrestricted use unless specifically restricted by the donor or grantor. Donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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. If a restriction is fulfilled in the same period in which the contribution is received, the Society reports the support as net assets without donor restrictions. Contributions of assets other than cash are recorded at their fair value on the date of the gift.

***Grants*** - A portion of the Society's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Society has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

***Program Fees*** - Program fees represent revenue from the Society's workshops, nature and educational programs and summer camp. Revenue from programs is generally recognized when the respective programs take place.

***Admissions and Other Income*** - The Society recognizes revenue from admissions and other income when received.

***Contributed Nonfinancial Assets*** - Contributions of donated non-cash assets 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 and are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

**AUDUBON SOCIETY OF RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2023**



Donations of equipment are recorded as contributions at their estimated fair values at the date of donation. Donations of land are recorded at the appraised value, if available, or at the tax assessor's value, if an appraisal is not available. Donated easements are recorded as in-kind revenue, which is reported as contributed nonfinancial assets in the accompanying statement of activities. The Society records the value of donated easements at fair value, based on the values determined by the donor on the date of donation.

***Income Taxes***

The Society is exempt from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Management believes that the Society operates in a manner consistent with its tax-exempt status at both the state and federal levels.

The Society annually files IRS Form 990 - *Return of Organization Exempt from Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities generally for a period of three years after they were filed. The Society currently has no tax examinations in progress.

***Allocation of Expenses***

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Society's operating costs have been allocated between program expenses, general and administrative, and fundraising based on direct identification when possible, and allocation if an expenditure benefits more than one program or function. Expenditures that require allocation are allocated on the basis of estimates of time and effort.

***Advertising***

Advertising expenditures are expensed as incurred.

***Estimates and Assumptions***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

***Reclassification of Prior Year Presentation***

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported change in net assets.

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***Subsequent Events***

Management has evaluated subsequent events through June 28, 2024, which is the date these financial statements were available to be issued.

**3. Program Service Accomplishments (Unaudited)**

***Properties and Conservation***

The Society manages approximately 9,800 acres of wildlife refuges and properties providing critical habitats for various species of flora and fauna. These properties encompass diverse ecosystems, including coastal marshes, forests, wetlands, and grasslands. Three of the Society's key properties include the 28-acre Claire D. McIntosh Wildlife Refuge, home to the Audubon Nature Center and Aquarium (the Center), Caratunk Wildlife Refuge in Seekonk, MA, one of the most visited refuges in the Society's portfolio, and Parker Woodland, known for its ancient stone walls and rich biodiversity. Each refuge offers unique opportunities for education, recreation, and wildlife observation, making them vital assets for both conservation and public enjoyment.

The Society's initiatives are dedicated to preserving Rhode Island's natural heritage through the protection of endangered species, restoration of native plant communities, and the management of invasive species. The Society actively safeguards critical habitats from development and degradation, ensuring native wildlife can thrive. The conservation efforts are supported by a robust citizen science program, which engages volunteers in monitoring bird populations, water quality, and other ecological indicators, thereby fostering a deeper connection between the community and the natural world.

***Education and Public Engagement (Programs)***

The Society is deeply committed to education and public engagement, striving to foster a sense of environmental stewardship within the community. The Society's educational initiatives are diverse and far-reaching, encompassing programs for children, adults, and families.

The Society organizes numerous events throughout the year, including guided nature walks, bird-watching excursions, and seasonal festivals. These events are designed to connect people with nature, offering recreation, education, and community-building opportunities.

The Society also provides a variety of workshops and lectures on topics ranging from bird identification and habitat restoration to sustainable living practices. These programs aim to empower individuals with the knowledge and skills to make environmentally conscious decisions in their daily lives.



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The Society's outreach efforts extend beyond their own properties, working collaboratively with schools, community organizations, and government agencies to promote environmental education and conservation. Through initiatives like the Audubon Youth Conservation League, the Society cultivates the next generation of environmental leaders, providing students with mentorship, training, and opportunities to engage in meaningful conservation projects.

The Society's commitment to inclusivity ensures that its programs are accessible to all members of the community, fostering a collective sense of responsibility for the preservation of Rhode Island's natural heritage.

***Audubon Nature Center and Aquarium***

The Center in Bristol, Rhode Island, serves as the Gateway to the Society through environmental education and public engagement, offering visitors an immersive experience in the natural world. This state-of-the-art facility features interactive exhibits, live animal displays, and a stunning array of aquariums showcasing local marine life.

Visitors can explore diverse habitats, from coastal marshes to forested wetlands, gaining a deeper understanding of the region's ecosystems. The Center also boasts beautiful nature trails and a boardwalk that meanders through a salt marsh to the shore of Narragansett Bay, providing birdwatching and wildlife observation opportunities.

The Center offers various programs to engage learners of all ages, from young children to adults. School groups can participate in field trips that align with state science standards, offering hands-on learning experiences that bring classroom lessons to life. The Center hosts nature camps during the summer where children can explore, discover, and connect with the natural world.

For adults, the Center offers workshops, lectures, and guided tours on various environmental topics, empowering individuals with the knowledge and skills to become active stewards of the environment.

Public engagement is a key focus of the Center. The Center organizes numerous events and activities throughout the year, including the Society's largest public event, Raptor Weekend. These events foster community and encourage people to explore and appreciate the natural world. Additionally, the Center's outreach initiatives extend into the community, with partnerships with local schools, community organizations, and other environmental groups. Through these collaborative efforts, the Center is vital in promoting conservation awareness and inspiring a love for nature among Rhode Island residents and visitors alike.



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***Water Resources***

The Society leads the Stormwater Innovation Center, focusing on pioneering nature-based sustainable stormwater management practices and educating municipalities about their importance. Located within Roger Williams Park (the Park), the Stormwater Innovation Center is a living laboratory showcasing advanced green infrastructure solutions designed to reduce stormwater runoff and improve water quality. These solutions include rain gardens, bioswales, permeable pavements, and green roofs, all integrated into the Park's landscape. The Society's leadership ensures that the Storm Innovation Center not only demonstrates cutting-edge technologies but also serves as a model for urban stormwater management across the region.

Training programs at the Stormwater Innovation Center are designed to engage a diverse audience, from residents and students to municipal officials and environmental professionals. The Stormwater Innovation Center offers workshops, guided tours, and hands-on training sessions that highlight the benefits and implementation of green infrastructure. By providing practical, real-world examples of stormwater management solutions, the Society empowers communities to adopt similar neighborhood practices. Additionally, the Stormwater Innovation Center's educational outreach includes collaborations with local schools, offering curriculum-aligned programs that teach students about the science and importance of stormwater management in protecting local waterways and ecosystems.

Under the Society's leadership, the Stormwater Innovation Center is crucial in advancing climate resiliency through research and innovation in stormwater management. The Stormwater Innovation Center partners with academic institutions, government agencies, and environmental organizations to conduct studies and pilot new technologies. These collaborations aim to improve the effectiveness and efficiency of stormwater infrastructure, contributing valuable data and insights to the field. By fostering a culture of innovation and collaboration, The Society ensures that the Stormwater Innovation Center remains at the forefront of sustainable stormwater management, driving progress and setting an example for communities nationwide.

***Advocacy***

The Society has a long-standing commitment to environmental advocacy, championing policies and initiatives that protect Rhode Island's natural resources and wildlife. The Society's leadership in this arena involves active participation in legislative processes, lobbying for laws that promote conservation, climate resiliency, biodiversity, sustainable land use, and clean energy. The Society works closely with policymakers, providing expertise and scientific data to support the development of robust environmental regulations. The Society's advocacy efforts have been instrumental in securing critical protections for habitats and species, ensuring that Rhode Island's natural heritage is preserved for future generations.

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In addition to policy advocacy, the Society collaborates with various partners, including other environmental organizations, businesses, and academic institutions, to advance conservation goals. These partnerships enhance the Society's capacity to address complex environmental issues and implement large-scale conservation projects such as the Act on Climate. By fostering collaboration and leveraging collective expertise, the Society's environmental advocacy leadership strengthens the organization's impact and helps create a unified voice for conservation in Rhode Island and beyond.

**4. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 1,525,060
Investments, current	974,551
Accounts and grants receivable	<u>197,180</u>
Total financial assets available within one year	2,696,791
Less:	
Amounts unavailable for general expenditure within one year:	
Subject to donor purpose restrictions	<u>(1,098,048)</u>
Total financial assets available for general expenditure within one year	<u><u>\$ 1,598,743</u></u>

The Society has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In the event of an unanticipated liquidity needed, the Society has a line of credit with a local bank for \$500,000 (Note 9). In addition, the Board, at its discretion, could expend from its board-designated funds of \$12,944,110 at December 31, 2023 (Note 10), other than amounts appropriated for general expenditure, in the event of an emergency.

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**5. Property and Equipment**

Property and equipment consisted of the following:

Land, buildings and improvements	\$ 6,559,075
Furniture and equipment	418,016
Vehicles	250,621
	<u>7,227,712</u>
Less: accumulated depreciation	<u>(4,585,505)</u>
Total property and equipment	<u>\$ 2,642,207</u>

**6. Investments and Beneficial Interest in Assets Held by Others**

Investments and beneficial interest in assets held by others are presented in the financial statements at their aggregate fair value and consist of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>NAV (a)</u>
Money market mutual funds	\$ 475,873	\$ -	\$ -
Equity securities:			
Communication services	973,382	-	-
Consumer goods	1,258,207	-	-
Domestic mutual fund	1,724,689	-	-
Financial services	830,146	-	-
Healthcare	995,977	-	-
Industrials	472,037	-	-
International mutual funds	2,976,038	-	-
Other equities	298,875	-	-
Technology	1,849,768	-	-
Fixed income securities:			
Government bonds	483,183	-	-
Corporate bonds	-	589,183	-
Mutual funds	4,885,030	-	-
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>224,806</u>
Total investments	<u>\$ 17,223,206</u>	<u>\$ 589,183</u>	<u>\$ 224,806</u>

(a) In accordance with Subtopic 820-10, certain financial instruments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of financial position and notes to the financial statements.

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***Beneficial Interest in Assets Held by Others***

In June 2015, the Society established the Audubon Society of Rhode Island Endowment Fund (the Fund) at the Rhode Island Foundation (the Foundation) and agreed that the Society would receive annual distributions determined by the Foundation's spending rule in effect at the time of distribution. At December 31, 2023, the spending rate was 4.5% of the Fund's balance, averaged over the previous 16 quarters (or over the total number of quarters in existence, if less than 16). For the year ended December 31, 2023, the Fund's balance, reported as beneficial interest in assets held by others in the accompanying statement of financial position, totaled \$224,806.

***Beneficial Interest in Perpetual Trust***

The Society holds a beneficial interest in several perpetual trusts with the Foundation, which has variance power over the funds. Under the terms of the trust agreements, the Society has the irrevocable right to receive the income earned by these trusts. In accordance with the donors' wishes, the distributions received by the Society from these trusts are available for current operations and the operation of the Eppley Wildlife Sanctuary. During the year ended December 31, 2023, the Society received a distribution of trust income in the amount of \$271,246 for current operations and \$54,609 for the operation of the Eppley Wildlife Sanctuary.

**7. Endowment**

***Donor-restricted Endowment***

The Society's donor-restricted endowment consists of individual funds established at the request of the donors for specific purposes.

***Board-designated Funds Functioning as an Endowment***

The Board designated certain net assets without donor restrictions as funds functioning as an endowment to support the mission of the Society. Since the funds resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions. However, they are managed in the same manner as the donor-restricted endowment funds described below.

***Interpretation of Relevant Law***

The Rhode Island Uniform Prudent Management of Institutional Funds Act (RIUPMIFA) requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Society classifies as net assets with donor restrictions (a) the original value of the gift donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the donor's gift instrument.

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The remaining portion of the donor-restricted fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions subject to spending policy and appropriation until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by RIUPMIFA.

In accordance with RIUPMIFA, the Society considers the long and short-term needs of the Society in carrying out its mission, the Society's present and anticipated financial requirements, expected total returns on the Society's investments, and general economic conditions in making a determination to appropriate or accumulate donor-restricted endowment funds.

Changes in endowment net assets were as follows for the year ended December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 11,615,206	\$ 4,597,388	\$ 16,212,594
Contributions	26,205	-	26,205
Investment return, net	2,031,243	773,060	2,804,303
Appropriations	<u>(728,544)</u>	<u>(277,364)</u>	<u>(1,005,908)</u>
Endowment net assets, end of year	<u>\$ 12,944,110</u>	<u>\$ 5,093,084</u>	<u>\$ 18,037,194</u>

***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or RIUPMIFA requires the Society to retain as a fund of perpetual duration. There were no such funds with deficiencies as of December 31, 2023.

***Return Objective and Risk Parameters***

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity as well as board designated funds. Given the relationship between risk and return, a fundamental step in determining the investment policy for endowment funds is the determination of an appropriate risk tolerance.

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After taking into consideration such factors as corporate financial stability, uncertainty of cash flows in and out of the endowment funds over the long term and capital market volatility, the Board believes a moderate risk strategy is prudent. Under this policy, as approved by the Board, the goal is to have stable returns over the long term, with a reduced potential of negative returns in any given year.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate of return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation to achieve its long-term return objectives with prudent risk constraints.

***Spending Policy and How the Investment Objectives Relate to the Spending Policy***

For 2023, the Society has a policy of appropriating for distribution up to 5.5% of its endowment fund's average fair value over the prior 12-quarter trailing average preceding the fiscal year in which the distribution is planned. In establishing this policy, the Society considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Society expects the current spending policy to allow its endowment funds to grow and is consistent with the Society's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

**8. Charitable Gift Annuity**

The Society has received a charitable gift which requires annuity payments, in the future, to the donor. The annuity is paid periodically at the rate of 8.2%. The Society has recorded a liability for the present value of the annuity based on the life expectancy of the donor at a discount rate of 5%. As of December 31, 2023, the remaining gift annuity balance was \$14,575.

**9. Line of Credit**

The Society has a line of credit available with a limit of \$500,000 secured by investments in marketable securities. The interest rate is equal to the simple Secured Overnight Financing Rate (SOFR) plus an additional 3.04%. The Society's calculated interest rate at December 31, 2023 was 8.34%. No amount was outstanding under the line of credit at December 31, 2023.

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**10. Net Assets**

Net Assets without Donor Restrictions:

Undesignated	\$ 822,373
Invested in property and equipment, net	2,642,207
Invested in wildlife refuges	14,896,618
Board-designated endowment	<u>12,944,110</u>

Total net assets without donor restrictions	<u><u>\$ 31,305,308</u></u>
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Net Assets with Donor Restrictions:

Subject to expenditure for specified purpose:

Advocacy	\$ 43,611
Camp scholarships	15,753
Caratunk	139,324
Conservation project	45,000
Educational exhibit development	40,250
Fisherville initiative	10,000
Land acquisitions	199,593
National Audubon - Eppley	9,597
Ornithologist fund	325
Personnel expenses	4,157
Palmeri Pollinator Fund	176,213
Terracorps	29,619
Urban environmental education	109,890
Youth Conservation League	<u>3,467</u>
Total subject to expenditure for specified purpose	<u><u>826,799</u></u>

Subject to spending policy and appropriations:

Animal care	24,909
Education	603,279
General operations	95,463
Land conservation and stewardship	<u>1,363,260</u>
Total subject to spending policy and appropriations	<u><u>2,086,911</u></u>

Subject to restriction in perpetuity:

Animal care	35,883
Education	869,023
General operations	137,507
Land conservation and stewardship	<u>1,963,760</u>
Total subject to restriction in perpetuity	<u><u>3,006,173</u></u>

Total net assets with donor restrictions	<u><u>\$ 5,919,883</u></u>
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**Rental Income**

Rental income includes amounts relating to space leased on a month-to-month basis and an office space lease expiring in 2026. During the year ended December 31, 2023, the Society recorded rental income from these leases of approximately \$49,000, which is included in rental income on the accompanying statement of activities. The remaining amounts making up total rental income on the accompanying statement of activities are principally from short-term leases for the cabin and auditorium available for rent to the public.

Future minimum rentals to be received under noncancelable operating leases are as follows:

<u>Year Ending</u>	
December 31, 2024	\$ 39,293
December 31, 2025	40,275
December 31, 2026	<u>34,259</u>
Total	<u>\$ 113,827</u>

**11. Contributed Nonfinancial Assets**

Contributed nonfinancial assets in the accompanying statement of activities include items and services donated to the Society to be auctioned or raffled off at fundraising events. The Society records the donations at the fair value at the date of donation based on the going rate if purchased. Donated auction and raffle items totaled \$15,585 for the year ended December 31, 2023.

Contributed nonfinancial assets also include land donated to the Society during the year ended December 31, 2023. The Society records the value of donated land at fair value at the date of the donation based on the basis of an appraisal or the cash value established by the local tax assessor. Donated land totaled \$615,700 for the year ended December 31, 2023.

For the year ended December 31, 2023, the Society also received donated stock valued at approximately \$26,000, which is included in contributions in the accompanying statement of activities.



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**12. Commitments**

The Society leases office equipment under various operating leases expiring through March 2028. Rent expense under these leases totaled approximately \$3,900 and is included in office expenses on the statement of functional expenses. Since the lease payments are not considered material, authoritative guidance relating to lease accounting has not been applied.

At December 31, 2023, future minimum lease payments are as follows:

<u>Year Ending</u>	
December 31, 2024	\$ 3,900
December 31, 2025	3,900
December 31, 2026	2,200
December 31, 2027	1,000
December 31, 2028	200
	<hr/>
Total	\$ 11,200
	<hr/>

**13. Pension Plan**

On September 1, 2008, the Society adopted a 401(k) plan, which covers substantially all employees. Participating employees may elect to contribute, on a pre-tax 401(k) or after-tax Roth 401(k) basis, a portion of their compensation, in accordance with Section 401(k) of the Internal Revenue Code. The Society may make discretionary matching contributions equal to a uniform percentage of the employee's salary deferral. The Society will determine this discretionary matching percentage annually. The Society's matching expense for the year ended December 31, 2023 was \$36,345.

**14. Concentration of Risk**

Financial instruments that potentially subject the Society to concentrations of credit risk consist primarily of cash and cash equivalents and investments.

The Society maintains cash and cash equivalents in one financial institution. The balance at the institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. At year-end, the uninsured portion was approximately \$1,437,000. The Society monitors its exposure with regard to cash and cash equivalents and has not experienced any losses on its account.

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Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and that such changes could materially affect investment balances and activity included in the financial statements. The Society has a diversified portfolio for all of its investments and retains an investment advisor to attain a prudent level of diversification in an attempt to minimize potential risk associated with investment securities to the extent possible.