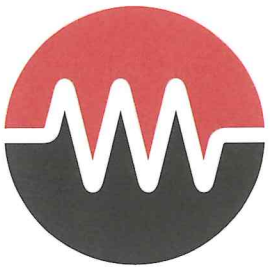


Atlanta Audubon Society, Inc.

Audit of Financial Statements

December 31, 2017



J. Lunsford, CPA

Providing All Your Accounting Needs Since 2002

Independent Auditor's Report

To the Board of Directors
Atlanta Audubon Society, Inc.

I have audited the accompanying financial statements of Atlanta Audubon Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, changes in net assets, cash flows and functional expenses for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atlanta Audubon Society, Inc. as of December 31, 2017 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

J Lunsford CPA

July 12, 2018

Atlanta Audubon Society, Inc.
Statement of Financial Position
December 31, 2017

Assets

Assets

Cash and Cash Equivalents	\$	97,158
Grant Receivables		28,757
Prepaid Expense		10,243
Investments		471,424
Computers & Furniture - Net of Accumulated Depreciation of \$3,032		2,061
Land		83,472
		83,472
<i>Total Assets</i>	\$	693,115

Liabilities and Net Assets

Liabilities

Accrued Expense	\$	850
		850
<i>Total Liabilities</i>		850

Net Assets

Permanently Restricted		83,472
Temporarily Restricted		282,805
Unrestricted		325,988
		692,265
<i>Total Net Assets</i>		692,265

<i>Total Liabilities and Net Assets</i>	\$	693,115
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The accompanying notes are an integral part of these financial statements.

Atlanta Audubon Society, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
Grants	\$ -	\$ 112,881	\$ -	\$ 112,881
Memberships	49,734	-	-	49,734
Donations	151,254	-	-	151,254
Special Events	16,394	-	-	16,394
Program Income	92,502	-	-	92,502
Merchandise Sales	5,442	-	-	5,442
Realized / Unrealized Gain (Loss)	34,571	-	-	34,571
Investment Income (Loss)	5,651	-	-	5,651
Assets Released From Restrictions	87,623	(87,623)	-	-
	<u>443,171</u>	<u>25,258</u>	<u>-</u>	<u>468,429</u>
Total Revenues				
	<u>443,171</u>	<u>25,258</u>	<u>-</u>	<u>468,429</u>
Expenditures				
Program Services				
Program	363,096	-	-	363,096
	<u>363,096</u>	<u>-</u>	<u>-</u>	<u>363,096</u>
Total Program Expenditures				
	<u>363,096</u>	<u>-</u>	<u>-</u>	<u>363,096</u>
Supporting Services				
Management & General	45,887	-	-	45,887
Fundraising	63,611	-	-	63,611
	<u>109,498</u>	<u>-</u>	<u>-</u>	<u>109,498</u>
Total Supporting Services				
	<u>109,498</u>	<u>-</u>	<u>-</u>	<u>109,498</u>
Change in Net Assets	(29,423)	25,258	-	(4,165)
Net Assets as of December 31, 2016	<u>355,411</u>	<u>257,547</u>	<u>83,472</u>	<u>696,430</u>
Net Assets as of December 31, 2017	<u>\$ 325,988</u>	<u>\$ 282,805</u>	<u>\$ 83,472</u>	<u>\$ 692,265</u>

The accompanying notes are an integral part of these financial statements.

Atlanta Audubon Society, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2017

Cash Flows From Operating Activities:	
Change in net assets	\$ (4,165)
Adjustments to reconcile change in net assets	
To net cash provided by operating activities:	
Depreciation Expense	786
Realized / Unrealized Gain on Marketable Securities	(34,571)
Change in Grants Receivable	53,034
Change in Prepaid Expense	(8,714)
Change in Accrued expenses	<u>(1,933)</u>
Net Cash Used by Operating Activities	4,437
Cash Flows From Investing Activities:	
Purchase of Fixed Assets	800
Proceeds From Sale of Securities	43,805
Purchase of Securities	<u>(41,230)</u>
Net Cash Used by Investing Activities	3,375
Net Decrease in Cash and Cash Equivalents	7,812
Cash and Cash Equivalents as of the Beginning of Year	<u>89,346</u>
Cash and Cash Equivalents as of the End of Year	<u><u>\$ 97,158</u></u>

The accompanying notes are an integral part of these financial statements.

Atlanta Audubon Society, Inc.
Statement of Functional Expenses
December 31, 2017

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>			
	<u>Program</u>		<u>Management & General</u>	<u>Fundraising</u>				
Bank & Credit Card Processing	\$	3,566	\$	1,194	\$	456	\$	5,216
Chapter Membership		1,152		-		457		1,609
Conservation		40,904		-		-		40,904
Contract Labor		19,590		2,700		2,500		24,790
Depreciation		-		786		-		786
Fundraising		-		-		18,681		18,681
Insurance		4,043		4,512		-		8,555
IT Department		522		1,664		522		2,708
Marketing/Promotion		1,798		760		222		2,780
Meetings & Speakers		308		-		-		308
Office Rent		13,500		4,500		-		18,000
Office Supplies		53		4,897		-		4,950
Postage		199		2,340		-		2,539
Power/Electric/Gas		2,281		760		-		3,041
Professional Development		3,050		23		-		3,073
Professional Dues/Registration		1,066		576		-		1,642
Professional/Legal Fees		1,709		1,754		-		3,463
Publications		13,031		-		-		13,031
Repairs & Maintenance		619		206		-		825
Salaries		189,148		18,243		40,772		248,163
Scholarships		2,790		-		-		2,790
Telephone/Internet Expense		1,041		382		1		1,424
Travel/Mileage		3,178		590		-		3,768
Volunteer Management & Recognition		422		-		-		422
Workshops		55,129		-		-		55,129
Youth Education		3,997		-		-		3,997
	<u>\$</u>	<u>363,096</u>	<u>\$</u>	<u>45,887</u>	<u>\$</u>	<u>63,611</u>	<u>\$</u>	<u>472,594</u>

The accompanying notes are an integral part of these financial statements.

Atlanta Audubon Society, Inc.

Notes To Financial Statements

December 31, 2017

Note 1: Organization and Nature of Activities

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

Note 2: Summary of Significant Accounting Policies

Revenue Recognition

AAS considers all gifts of cash and other assets to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the financial statements, the Organization considers all highly liquid investments in marketable equity securities and fixed income funds with a maturity of less than one year to be cash equivalents.

Income Taxes

AAS is a not-for-profit organization that is exempt from income taxes under section 501(C)(3) of the Internal Revenue Code.

Financial Statement Presentation

AAS prepares its financial statements in accordance with ASC 958-205-05-5 and ASC 958-205-05-6. This requires the Foundation to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Property and Equipment

Property and equipment are recorded at cost or fair value for contributed property and equipment and depreciated over the estimated useful lives of three to five years using the straight-line method. AAS expenses all property and equipment purchases in excess of \$500 cost. Depreciation expense was \$786 at December 31, 2017.

Investments

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

Atlanta Audubon Society, Inc.

Notes To Financial Statements

December 31, 2017

Note 3: Concentration of Credit Risk for Cash

From time to time during the year AAS held cash balances in FDIC insured banks and money market accounts with brokerage houses that exceeded those institutions FDIC insurance limits.

AAS has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash.

Note 4: Volunteer Services / In-kind Contributions

AAS benefits from the efforts of volunteers. Those donated services that meet the criteria for recognition are recognized in the financial statements using the Level 2 Fair Value Measures discussed in Note 5.

Note 5: Fair Value Measurements

AAS reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used are:

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

Level 2 - Inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly, or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets in markets that are not active
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means

Level 3 - Unobservable inputs for the asset or liability. These should be used to measure the fair value to the extent that observable inputs are unavailable.

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

Note 6: Permanently Restricted Net Asset

Permanently restricted net assets consists of approximately 183 acres of undeveloped land in Douglas County, Georgia. The property is covered by a conservation easement and AAS has agreed to abide by the easement.

Note 7: FIN 48 Disclosure

AAS has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-than-likely-than-not be sustained upon examination by taxing authorities. AAS has analyzed tax positions taken for filing with the Internal Revenue Service and all state tax jurisdictions where it operates. AAS believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the AAS has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2017.

Continued

Atlanta Audubon Society, Inc.
Notes To Financial Statements
December 31, 2017

Note 8: Investments

Investments are summarized as follows:

	December 31, 2017		
	Cost	Fair Value	Unrealized Gain
Cash	13,971	13,971	-
ETF - Equity Funds	247,205	295,180	47,975
ETF - Fixed Income Funds	163,193	162,273	(920)
	\$ 424,369	\$ 471,424	\$ 47,055

Note 9: Subsequent Events

AAS has evaluated subsequent events through July 11, 2018 which is the date the financial statements were prepared. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

Note 10: Temporarily Restricted Net Asset

Temporarily Restricted Net Assets consist of the following:

	December 31, 2017
Sprint Community Rewards	\$ 36
NFWF Five Star Grant	425
Cherokee Garden Club	795
NAS Collaborative Funding	1,068
Disney Conservation Grant	1,581
GA Gives Day	4,812
Wells Fargo Grant	4,973
Taking Wing	5,462
A.H. Richards Grant	10,098
Robert Schumann Grant	23,716
Morgens West Grant	27,676
Habitat Restoration Fund	50,000
Scholarship Fund	152,163
	\$ 282,805