

CONNECTICUT AUDUBON SOCIETY, INC.

FINANCIAL STATEMENTS

APRIL 30, 2010



CONNECTICUT AUDUBON SOCIETY, INC.

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REPORT OF INDEPENDENT AUDITOR

To the Board of Directors of
Connecticut Audubon Society, Inc.

We have audited the accompanying statement of financial position of Connecticut Audubon Society, Inc. (a nonprofit organization) as of April 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have previously audited and reported on the financial statements presented by fund for the preceding year.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Connecticut Audubon Society, Inc. as of April 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Michael J Knight & Co. CPAs

Michael J. Knight & Company, CPAs
Fairfield, Connecticut
June 28, 2010

CONNECTICUT AUDUBON SOCIETY, INC.
STATEMENT OF FINANCIAL POSITION
April 30, 2010
(With comparative totals for 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>April 30, 2010</u>	<u>April 30, 2009</u>
ASSETS:					
Current assets:					
Cash and equivalents	\$ 214,169	\$ -	\$ -	\$ 214,169	\$ 341,776
Investment income receivable	14,035	-	-	14,035	18,310
Promises to give, net	-	260,680	-	260,680	5,948
Program revenue receivables	26,377	-	-	26,377	29,964
Nature store inventory	19,043	-	-	19,043	27,503
Prepaid and other current assets	57,100	-	-	57,100	48,347
Total current assets	<u>330,724</u>	<u>260,680</u>	<u>-</u>	<u>591,404</u>	<u>471,848</u>
Noncurrent assets:					
Cash and equivalents	93,203	1,513,794	217,032	1,824,029	1,166,258
Promises to give, net	-	63,902	-	63,902	950
Long-term investments	1,318,807	1,929,500	2,927,432	6,175,739	5,505,496
Land, buildings and equipment, net	4,327,851	181,046	10,157,245	14,666,142	15,176,953
Total noncurrent assets	<u>5,739,861</u>	<u>3,688,242</u>	<u>13,301,709</u>	<u>22,729,812</u>	<u>21,849,657</u>
Interfund Receivable (Payable)	76,865	(76,336)	(529)	-	-
Total assets	<u>\$ 6,147,450</u>	<u>\$ 3,872,586</u>	<u>\$ 13,301,180</u>	<u>\$ 23,321,216</u>	<u>\$ 22,321,505</u>

See report of independent auditor and notes to the financial statements.

CONNECTICUT AUDUBON SOCIETY, INC.
STATEMENT OF FINANCIAL POSITION
April 30, 2010
(With comparative totals for 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>April 30, 2010</u>	<u>April 30, 2009</u>
LIABILITIES AND NET ASSETS:					
Current liabilities:					
Accounts payable	\$ 71,304	\$ -	\$ -	\$ 71,304	\$ 57,912
Annuities payable	9,574	771	-	10,345	10,345
Deferred program revenue	184,553	-	-	184,553	240,816
Other accrued liabilities	65,980	-	-	65,980	65,970
Total current liabilities	<u>331,411</u>	<u>771</u>	<u>-</u>	<u>332,182</u>	<u>375,043</u>
Other liabilities:					
Annuities payable	-	1,638	-	1,638	2,415
Total liabilities	<u>331,411</u>	<u>2,409</u>	<u>-</u>	<u>333,820</u>	<u>377,458</u>
Net assets:					
For any activities of the organization	1,488,188	-	-	1,488,188	1,230,673
Land, buildings and equipment	4,327,851	181,046	10,157,245	14,666,142	15,176,953
For purchase and construction of fixed assets	-	1,903,485	-	1,903,485	1,366,895
Investment for:					
Support of sanctuaries	-	1,525,969	2,654,224	4,180,193	3,357,898
Support of research and education activities	-	248,075	448,866	696,941	578,870
Support of other primary programs	-	11,602	40,845	52,447	232,758
Total net assets	<u>5,816,039</u>	<u>3,870,177</u>	<u>13,301,180</u>	<u>22,987,396</u>	<u>21,944,047</u>
Total liabilities and net assets	<u>\$ 6,147,450</u>	<u>\$ 3,872,586</u>	<u>\$ 13,301,180</u>	<u>\$ 23,321,216</u>	<u>\$ 22,321,505</u>

See report of independent auditor and notes to the financial statements.

CONNECTICUT AUDUBON SOCIETY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2010
(With comparative totals for 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total April 30, 2010</u>	<u>Total April 30, 2009</u>
Revenues, gains and other support:					
Contributions and bequests	\$ 527,455	\$ 609,927	\$ 45,000	\$ 1,182,382	\$ 546,829
Nature store sales	151,958	-	-	151,958	207,694
Membership dues	264,836	-	-	264,836	313,304
Educational programs	552,459	-	-	552,459	572,894
Eco-travel programs	310,714	-	-	310,714	355,706
Special Events	158,461	-	-	158,461	251,708
Other	161,443	-	-	161,443	136,930
Endowment Income:					
Investment Income (net of fees)	33,307	115,045	-	148,352	189,651
Realized (Loss) Gain on Securities	(54,592)	(169,501)	-	(224,093)	9,460
Unrealized Gain (Loss) on Securities	315,284	1,110,695	-	1,425,979	(1,622,039)
Net assets released from restriction:					
Satisfaction of restrictions:					
Primary programs	348,852	(348,852)	-	-	-
Capital expenditures	44,111	(44,111)	-	-	-
Building Campaign Fundraising Expenses	29,226	(29,226)	-	-	-
 Total revenues, gains and other support	 \$ 2,843,515	 \$ 1,243,977	 \$ 45,000	 \$ 4,132,492	 \$ 962,137

See report of independent auditor and notes to the financial statements.

CONNECTICUT AUDUBON SOCIETY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2010
(With comparative totals for 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total April 30, 2010	Total April 30, 2009
Expenses and losses:					
Education program	\$ 1,878,254	\$ -	\$ -	\$ 1,878,254	\$ 2,088,446
Sanctuary program	120,634	-	-	120,634	122,278
Conservation and advocacy program	241,605	-	-	241,605	213,239
Membership services	210,570	-	-	210,570	239,689
Management and general	420,949	-	-	420,949	415,167
Fundraising and development	207,099	-	-	207,099	216,497
Total expenses and losses	3,079,111	-	-	3,079,111	3,295,314
Change in net assets from operations	(235,596)	1,243,977	45,000	1,053,381	(2,333,177)
Other changes:					
Change in value of split-interest agreements	(10,032)	-	-	(10,032)	(10,032)
Change in net assets	(245,628)	1,243,977	45,000	1,043,349	(2,343,209)
Net assets at beginning of year	6,061,667	2,626,200	13,256,180	21,944,047	24,287,257
Net assets at end of year	\$ 5,816,039	\$ 3,870,177	\$ 13,301,180	\$ 22,987,396	\$ 21,944,047

See report of independent auditor and notes to the financial statements.

CONNECTICUT AUDUBON SOCIETY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended April 30, 2010 and 2009

	April 30, 2010	April 30, 2009
Cash flows from operating activities:		
Change in net assets	\$ 1,043,349	\$ (2,343,209)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	554,922	552,749
Change in value of split-interest agreements	10,032	10,032
(Increase) decrease in investment income receivable	4,275	16,655
(Increase) decrease in promises to give	(317,684)	106,594
(Increase) decrease in program revenue receivables	3,587	(649)
(Increase) decrease in merchandise inventory	8,460	323
(Increase) decrease in prepaid assets	(8,753)	11,365
Increase (decrease) in accounts payable	13,392	728
Increase (decrease) in deferred program revenue	(56,263)	(99)
Increase (decrease) in other accrued liabilities	10	(51,222)
Realized (gains) losses on long term investments	224,093	(9,460)
Unrealized (gains) losses on long term investments	(1,425,981)	1,622,039
Contribution restricted for permanent endowment	(45,000)	(82,159)
Contribution restricted for temporary endowment	(609,927)	(50,000)
 Total adjustments	<u>(1,644,837)</u>	<u>2,126,896</u>
 Net cash provided (used) by operating activities	<u>(601,488)</u>	<u>(216,313)</u>
 Cash flows from investing activities:		
Purchase of fixed assets	(44,111)	(146,417)
Purchase of investments	(4,516,413)	(1,645,311)
Board designated transfer to endowment	(26,630)	(166,667)
Investment income designated for restricted funds	(137,715)	(208,914)
Endowment transfer from restricted to unrestricted	422,189	819,602
Management fees allocated to restricted funds	22,670	30,745
Proceeds from sales of investments	4,478,581	1,534,746
 Net cash provided (used) by investing activities	<u>198,571</u>	<u>217,784</u>
 Cash flows from financing activities:		
Payments of annuity obligations	(10,032)	(10,032)
Proceeds from contributions restricted for endowment	285,342	132,159
 Net cash provided by financing activities	<u>275,310</u>	<u>122,127</u>
 Net increase (decrease) in cash and cash equivalents	<u>(127,607)</u>	<u>123,598</u>
 Cash and cash equivalents, May 1	<u>341,776</u>	<u>218,178</u>
 Cash and cash equivalents, April 30	<u>\$ 214,169</u>	<u>\$ 341,776</u>
 Supplemental data:		
Taxes paid	<u>\$ 409</u>	<u>\$ 430</u>

See report of independent auditor and notes to the financial statements.

CONNECTICUT AUDUBON SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended April 30, 2010
(With comparative totals for 2009)

	Program						April 30, 2010	April 30, 2009
	Education	Sanctuary	Conservation and Advocacy	Membership Services	Management and General	Fundraising and Development		
Direct costs:								
Accounting	\$ -	\$ -	\$ -	\$ -	\$ 23,221	\$ -	\$ 23,221	\$ 31,750
Advertising	2,316	-	-	-	-	523	2,839	1,151
Animal care	7,536	-	-	-	-	-	7,536	10,578
Bank charges and credit card fees	12,277	-	-	4,151	780	162	17,370	17,232
Casual labor and teachers	15,685	-	-	-	1,531	-	17,216	19,018
Conferences - staff development	92	-	135	-	-	-	227	745
Consultants	41,381	-	1,250	8,537	4,250	2,250	57,668	89,603
Design and photo	-	-	5,840	162	-	500	6,502	6,251
Dues and subscriptions	1,761	189	443	-	2,810	999	6,202	6,917
Supplies	32,573	1,178	4,847	2,703	3,463	797	45,561	51,470
Legal	-	-	-	-	444	-	444	409
Meetings	1,240	-	-	1,157	4,573	1,688	8,659	2,477
Payroll processing fees	-	-	-	-	4,616	-	4,616	4,625
Postage	6,194	-	2,915	30,486	1,160	3,669	44,424	49,500
Premiums	-	-	-	5,515	-	-	5,515	10,530
Printing	9,455	-	5,159	30,041	-	7,218	51,873	81,042
Staff training	1,449	-	-	-	-	-	1,449	405
Special events	47,833	-	-	-	1,740	22,573	72,146	78,299
Telephone	14,598	742	2,507	-	4,103	-	21,950	22,174
Web design	933	-	-	1,232	933	933	4,029	5,477
Computer maintenance and support	6,094	-	507	-	39,394	-	45,995	41,312
Network support and internet access	9,719	-	1,450	-	6,608	-	17,777	18,680
Travel	16,350	10,224	4,778	10	11,847	1,276	44,483	65,180
	<u>227,485</u>	<u>12,333</u>	<u>29,831</u>	<u>83,993</u>	<u>111,472</u>	<u>42,587</u>	<u>507,702</u>	<u>614,825</u>

See report of independent auditor and notes to the financial statements.

CONNECTICUT AUDUBON SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended April 30, 2010
(With comparative totals for 2009)

	Program						April 30, 2010	April 30, 2009
	Education	Sanctuary	Conservation and Advocacy	Membership Services	Management and General	Fundraising and Development		
Compensation and benefits:								
Salaries and wages	638,702	49,389	121,241	57,411	216,020	116,117	1,198,880	1,270,833
Employer payroll taxes	45,198	3,714	9,356	4,216	15,104	7,394	84,982	89,102
Pension	23,878	3,353	6,629	3,802	12,577	5,692	55,931	52,957
Workman's compensation insurance	5,139	397	976	462	1,738	934	9,647	13,202
Employer group insurance	90,179	6,092	8,252	9,463	15,005	20,005	148,994	145,401
State unemployment tax	3,063	154	351	214	362	278	4,421	5,679
Other	-	-	-	-	-	-	-	100
	<u>806,159</u>	<u>63,099</u>	<u>146,805</u>	<u>75,567</u>	<u>260,805</u>	<u>150,420</u>	<u>1,502,855</u>	<u>1,577,274</u>
Nature store:								
Nature store purchases	31,709	-	-	-	-	-	31,709	45,287
Birdseed purchases	53,637	-	-	-	-	-	53,637	83,307
Sales tax paid	-	-	-	-	-	-	-	842
Merchandising equipment and supplies	144	-	-	-	-	-	144	635
	<u>85,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,490</u>	<u>130,071</u>
Occupancy:								
Contract vendors	32,764	519	6,505	-	4,438	-	44,226	35,032
Sanctuary maintenance	1,197	7,594	-	-	-	-	8,791	3,565
Equipment repair	2,307	3,894	-	-	-	-	6,201	6,978
Equipment lease	11,261	-	-	-	6,465	-	17,726	17,621
Equipment purchases under \$1,000	250	468	297	-	-	-	1,015	473
General insurance	32,811	2,160	4,465	3,655	7,949	4,420	55,460	62,272
Staff housing and repairs	277	401	-	-	-	-	678	915
Vehicle repair	2,338	907	-	-	-	-	3,245	1,039
Security	1,833	-	1,125	-	-	-	2,958	1,589
Rent	17,760	-	-	-	-	-	17,760	17,641
Rental property maintenance	218	-	-	-	-	-	218	498
Real estate tax	6,004	-	-	-	-	-	6,004	6,004
Heating	17,209	2,882	5,187	-	5,089	-	30,367	40,691
Electric	30,047	1,929	5,261	-	5,347	-	42,583	45,152
Water	4,034	290	-	-	387	-	4,711	3,655
	<u>160,310</u>	<u>21,044</u>	<u>22,840</u>	<u>3,655</u>	<u>29,675</u>	<u>4,420</u>	<u>241,943</u>	<u>243,125</u>

See report of independent auditor and notes to the financial statements.

CONNECTICUT AUDUBON SOCIETY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended April 30, 2010
(With comparative totals for 2009)

	Program						April 30, 2010	April 30, 2009
	Education	Sanctuary	Conservation and Advocacy	Membership Services	Management and General	Fundraising and Development		
Other:								
Eco-travel	186,200	-	-	-	-	-	186,200	229,813
Miscellaneous							-	(52,541)
Total expenses before depreciation and amortization	<u>1,465,643</u>	<u>96,476</u>	<u>199,476</u>	<u>163,215</u>	<u>401,953</u>	<u>197,427</u>	<u>2,524,189</u>	<u>2,742,567</u>
Depreciation/amortization	412,611	24,158	42,129	47,355	18,996	9,672	554,922	552,749
Total expenses	<u>\$ 1,878,254</u>	<u>\$ 120,634</u>	<u>\$ 241,605</u>	<u>\$ 210,570</u>	<u>\$ 420,949</u>	<u>\$ 207,099</u>	<u>\$ 3,079,111</u>	<u>\$ 3,295,316</u>

See report of independent auditor and notes to the financial statements.

CONNECTICUT AUDUBON SOCIETY, INC.
Notes to Financial Statements
April 30, 2010
(See Report of Independent Auditor)

NOTE 1 - ORGANIZATION

Founded in 1898, Connecticut Audubon Society, Inc. (the Society) is an independent, statewide non-profit organization dedicated to providing excellence in environmental education, encouraging the conservation of the State's natural resources and advocating for enlightened leadership on ecological matters. Environmental education programs include school and center-based programs for youth, adults and families. Conservation activities include research projects protecting Connecticut's wildlife and habitats. Advocacy efforts encourage sound environmental and conservation policies at the State's legislature. The Society operates facilities in Fairfield, Milford, Glastonbury, Pomfret and an Eco-Travel office in Essex. Connecticut Audubon manages 19 sanctuaries around the state preserving over 2,600 acres of open space.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements include the assets and liabilities of the Connecticut Audubon Society, including the Center at Fairfield, Birdcraft Museum and Sanctuary, Center at Glastonbury, the Milford Point Coastal Center and the Center at Pomfret. They also include the net assets of Owl Properties, LLC, which is a separate entity owned by the Society used to manage and dispose of unrestricted land not meeting the long-term goals of the organization.

Financial Statement Presentation

The Society prepares its financial statements using guidelines established under FASB Accounting Standards Codification 958 which requires that a non-profit organization provide information regarding the net assets of the organization based on the existence or absence of donor-imposed restrictions. The types of restrictions are described as follows:

Permanently restricted net assets - The part of the net assets of a not-for-profit organization resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Temporarily restricted net assets - The part of net assets of a not-for-profit organization resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations.

Unrestricted net assets - The part of net assets of a not-for-profit organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

CONNECTICUT AUDUBON SOCIETY, INC.

Notes to Financial Statements

April 30, 2010

(See Report of Independent Auditor)

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended April 30, 2009, from which the summarized information was derived.

Contributions

The Society reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Society reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Gifts of restricted land, which include depreciable assets, are recorded in the permanently restricted fund, while the depreciable component is recorded in the temporarily restricted fund and transferred to the unrestricted based upon its useful life.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These assumptions include depreciable lives of long-lived assets, allocation of functional expenses and discount factors used to record long term contributions to name a few. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Society considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents. The Society maintains its cash accounts at various financial institutions across the State of Connecticut. Accounts are guaranteed by the FDIC up to \$250,000 per financial institution. As of April 30, 2010, the Society had \$149,820 of uninsured cash balances. The Society has not experienced any losses in such accounts and believes it is not exposed to any significant risk in maintaining accounts with the financial institutions.

Allowance for Doubtful Accounts

Promises to give are stated net of an allowance for doubtful accounts and valuation discount. The Society estimates the allowance based on its historical experience of the relationship between actual bad debts and receivables. As of April 30, 2010, the Society believes that all promises are collectible.

CONNECTICUT AUDUBON SOCIETY, INC.
Notes to Financial Statements
April 30, 2010
(See Report of Independent Auditor)

Investments

Investments are presented in the financial statements at fair market value (See Note 4). Contributed securities are recorded at their fair market value at date of receipt. The Society's policy is to sell contributed securities upon receipt.

Nature Store Inventory

Nature store inventory represents items held for resale in the nature center stores. These items are primarily birdfeeders and seed, books and other items related to the educational mission of the organization. The inventory is stated at the lower of cost or market, using the average cost method.

Land, Buildings, Equipment and Accumulated Depreciation

Land, buildings and equipment, and collections are stated at cost or, in the case of contributed assets, at their fair market value at the date of receipt as determined by the Society. Depreciation is provided on the straight-line method for both financial and tax reporting purposes over the estimated useful lives of the related assets of three to forty years.

Tax Exempt Status

The Connecticut Audubon Society has been granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal or state income taxes has been recorded in the accompanying financial statements. Federal and state taxes on unrelated business income, if applicable, are provided at statutory rates. In June 2006, a new accounting interpretation was issued regarding accounting for uncertainty income taxes which prescribes how an entity should measure, recognize, present and disclose positions that it has taken or expects to take on its tax or information returns. The Society adopted the guidance effective May 1, 2009. The effect of the implementation of this guidance has no impact on the financial statements.

The Society regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income and related matters. It believes that in the event of an examination by taxing authorities, its positions would prevail based upon the merits of such positions. Therefore, the Society has concluded that no tax benefits or liabilities are required to be recognized.

Functional Expenses

Functional expenses have been allocated between program services and supporting services based upon actual costs incurred within each area. Certain overhead costs have been allocated based upon analysis of aggregate charges within each functional area.

CONNECTICUT AUDUBON SOCIETY, INC.
Notes to Financial Statements
April 30, 2010
(See Report of Independent Auditor)

Description of Programs

The Society offers an array of programs to its members and non-members through educational services provided at the nature centers. In addition, the Society maintains and preserves sanctuaries throughout the State where both members and non-members can utilize them. The Society also performs research at some of these sanctuaries, as well as selected educational programs.

Advertising

It is the policy of the Society to expense advertising as incurred.

NOTE 3 – PROMISES TO GIVE

As of April 30, 2010, contributors to the Society have unconditionally promised to give \$329,214. Long-term promises have been discounted at 3%, which the Society assumes to be its cost of savings rate. These promises to give are all associated with a building campaign for a new center in Pomfret, Connecticut. The Society believes that all of these pledges are collectible and, accordingly, no provision for uncollectible pledges has been provided. The promised contributions are due as follows:

Within one year	\$ 260,680
One to five years	68,534
More than five years	-
Subtotal	<u>329,214</u>
Less: present value component	(4,632)
Less: allowance for doubtful accounts	-
Promises to give, net	<u><u>\$ 324,582</u></u>

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NOTE 4 - INVESTMENTS

The Society's endowment consists of 15 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported on existence or absence of donor-imposed restrictions.

The Board of Directors of the Society has interpreted the State Prudent Management of Institutional Funds Acts (SPMIFA) as requiring the preservation of the fair value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Society classifies permanently restricted net assets as the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is not classified in permanently restricted net assets but is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Society considers the following factors in making a determination or accumulates donor-restricted endowment funds:

- a) The duration and preservation of the fund
- b) The purposes of the Society and the donor-restricted endowment fund
- c) General economic conditions
- d) The possible effect of inflation and deflation
- e) The expected total return from income and the appreciation of investments
- f) Other resources of the Society
- g) The investment policies of the Society

Endowment net asset composition by type of fund as of April 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted	\$ -	\$ 1,929,500	\$ 2,927,432	\$ 4,856,932
Board-designated				
Endowment	1,318,807	-	-	1,318,807
Total	<u>\$ 1,318,807</u>	<u>\$ 1,929,500</u>	<u>\$ 2,927,432</u>	<u>\$ 6,175,739</u>

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Changes in endowment net assets for the year ended April 30, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,112,514	\$ 1,333,331	\$ 3,059,651	\$ 5,505,496
Investment return:				
Investment income	37,421	131,841	-	169,262
Investment Fees	(6,379)	(22,670)	-	(29,049)
Net appreciation (Realized and unrealized)	260,692	941,196	-	1,201,888
Total investment return	<u>291,734</u>	<u>1,050,367</u>	<u>-</u>	<u>1,342,101</u>
Contributions	5,000	-	45,000	50,000
Appropriation of endowment assets for expenditure	(348,852)	(16,500)	-	(365,352)
Other changes:				
Release of Endowment Assets for expenditure	348,852	(348,852)	-	-
Net change in endowment portion of cash and equivalents	(112,071)	(88,846)	(177,219)	(378,136)
Board Designated transfer to Endowment	21,630	-	-	21,630
Total	<u>\$ 1,318,807</u>	<u>\$ 1,929,500</u>	<u>\$ 2,927,432</u>	<u>\$ 6,175,739</u>

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Endowment net assets are classified as follows:

Permanently restricted net assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA	<u>\$ 2,927,432</u>
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Temporarily restricted net assets

The portion of perpetual endowment funds with purpose restriction	<u>\$ 1,929,500</u>
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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 SPMIFA requires the Society to retain as a fund of perpetual duration. As of April 30, 2010, the Society had no funds with deficit positions.

Investment Detail

The Society carries its investments at fair value using valuations from publicly quoted sources for investment securities or level 1 observable inputs as defined under Statement on Financial Accounting Codification 820. As of April 30, 2010 the Society held the following investments:

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Equity Securities:

Energy	\$	373,424
Materials		92,874
Industrials		349,832
Consumer		618,901
Healthcare		324,477
Financials		502,747
Information Technology		626,627
Telecommunications		37,032
Utilities		63,737
Mutual Funds		943,689
Total Equity Securities		<u>3,933,340</u>

Bonds

Consumer		108,848
Industrials		378,929
Information Technology		54,154
Financials		105,148
United States		318,180
Bond Funds		878,580
Total Bonds		<u>1,843,839</u>

Other

Hedge Fund		286,069
Indexed Trust		112,490
Total Other		<u>398,559</u>

Total	\$	<u><u>6,175,738</u></u>
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Return Objectives and Risk Parameters

The Board of Directors has resolved that the purpose of the Society's investment portfolio is to generate income to support current and future spending needs. Funds will be invested for total return whereby a relatively stable amount of income is created to meet current needs (including portfolio management fees) while striving for a gradual growth in the portfolio in excess of inflation. Future increased income needs should also be met from additional contributions and other sources, rather than putting undue pressure on the investment portfolio for an unreasonably high current income return.

Strategies Employed for Achieving Objectives

The Board of Directors employs an investment advisor who works with the Society to develop and implement an investment strategy that encompasses and accommodates both current operating and long-term financial requirements. The Board of Directors and the investment manager have established strategic asset allocation ranges for the main asset classes of investment (Equity, Fixed Income, cash and Alternative Investments). The strategy also factors in the additional liquidity requirements as well as consensus forecasts for future inflation. In investing to meet these goals, the investment manager will have the latitude to determine the sub-asset investment classes as well as the relative contribution in yield and principal growth, taking into consideration market conditions. Performance is measured on a monthly, quarterly and annual basis utilizing a composite benchmark that is custom-built to match the sub-asset classes chosen by the manager during the measurement period.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Board of Directors has resolved that 5% of the market value of the portfolio, less any donor/fund restrictions to the contrary, be made available for the operating expenses of the coming fiscal year. In order to minimize the effects of point-in-time market fluctuations, a three year rolling average of the fair market value of the portfolio is utilized. The market value will be that value of the portfolio as of December 31st

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NOTE 5 - LAND, BUILDINGS AND EQUIPMENT

Land, building and equipment consisted of the following at April 30, 2010:

	Unrestricted <u>Fund</u>	Temporarily Restricted <u>Fund</u>	Permanently Restricted <u>Fund</u>	<u>Total</u>
Land	\$ 1,360,481	\$ -	\$ 10,081,678	\$ 11,442,159
Land improvements	116,634	-	-	116,634
Buildings and improvements	4,677,485	181,046	-	4,858,531
Construction in progress	196,899	-	-	196,899
Collections and exhibits	98,709	-	75,567	174,276
Furniture and fixtures	20,956	-	-	20,956
Program technology and office equipment	1,377,062	-	-	1,377,062
Vehicles	90,010	-	-	90,010
Gross land, buildings and equipment	<u>7,938,236</u>	<u>181,046</u>	<u>10,157,245</u>	<u>18,276,527</u>
Less: accumulated depreciation	<u>(3,610,385)</u>	<u>-</u>	<u>-</u>	<u>(3,610,385)</u>
Net land, buildings and equipment	<u>\$ 4,327,851</u>	<u>\$ 181,046</u>	<u>\$ 10,157,245</u>	<u>\$ 14,666,142</u>

Land donated under permanently restricted deed is limited to sanctuary use.

NOTE 6 – ANNUITIES PAYABLE

The Society has established a gift annuity program whereby donors may contribute assets to the Society in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and the present value of the liability for future payments, determined on an actuarial basis, is recognized as a contribution at the date of gift. The annuity liability is revalued annually based upon actuarially computed present values. Any gains or losses are recorded as other expenses.

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For the year ended April 30, 2010, annuities payable are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Annuities Payable at May 1, 2009	\$ 9,574	\$ 3,186	\$ 12,760
Distributions to Beneficiaries	(9,574)	(1,236)	(10,810)
Actuarial Adjustment	9,574	459	10,033
Annuities Payable at April 30, 2010	<u>\$ 9,574</u>	<u>\$ 2,409</u>	<u>\$ 11,983</u>

NOTE 7 - LEASE COMMITMENTS

The Society leases office space in Glastonbury at a rate of \$1,180 per month plus all utilities. In addition, the Society leases equipment under various lease arrangements. The future minimum lease payments under the remaining lease terms as of April 30, 2010 are as follows:

Year Ended April 30

2011	\$ 26,928
2012	23,496
2013	19,516
2014	16,644
2015	9,384
Thereafter	-
	<u>\$ 95,968</u>

Lease and rent expense for the year ended April 30, 2010 was \$35,485.

NOTE 8 - 403(B) PLAN

The Society has a 403(B) plan, which covers substantially all full time employees. The Society will match employee contributions up to 6% of the employee's salary deferral. The employer contribution to the plan in 2010 was \$55,931.

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NOTE 9 - VOLUNTEER SERVICES

The Society received several thousand hours of donated services during the year to support the Society's programs and supporting services. Volunteers provide essential services that the Society might otherwise be unable to afford. The volunteers contributed their services to the Society by maintaining sanctuaries, cleaning cages and feeding animals in the nature centers, providing guided tours through sanctuaries and providing administrative assistance. The value of these services has not been included in the financial statements because they do not meet the requirements for recording.

NOTE 10 - INCOME TAXES

The Society has accumulated Federal net operating loss carry forwards of approximately \$233,000, which expire from 2011 through 2013. No deferred tax asset has been recorded on these losses, as utilization of these losses is remote based upon the Society's current volume of unrelated business income.

NOTE 11- RISK CONCENTRATION

The Society receives the majority of its public support from foundation and individual donors located in communities within Connecticut.

NOTE 12 – SUBSEQUENT EVENTS

During July, 2010 the Society signed a construction contract for the building of a new center in Pomfret, CT. The contract was for a total of \$1,023,750 and is being funded through a fundraising campaign primarily over the next fiscal year.