

BEDFORD AUDUBON SOCIETY, INC.

FINANCIAL STATEMENTS

June 30, 2009

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Independent Auditors' Report

Board of Directors
Bedford Audubon Society, Inc.

We have audited the accompanying statement of financial position-cash basis of Bedford Audubon Society, Inc. (a not-for-profit corporation) as of June 30, 2009, and the related statement of activities and changes in net assets-cash basis and statement of functional expenses-cash basis for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2008 financial statements and in our report dated November 4, 2008 we expressed an unqualified opinion on those financial statements.

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.

As described in Note 2, the Organization prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bedford Audubon Society, Inc. as of June 30, 2009, and the results of its operations for the year then ended, on the cash basis of accounting described in Note 2.

Mount Kisco, New York
September 2, 2009

Victor J. Cannistra, CPA P.C.

BEDFORD AUDUBON SOCIETY, INC.

STATEMENT OF FINANCIAL POSITION – CASH BASIS

June 30, 2009

(With Comparative Totals as of June 30, 2008)

ASSETS

	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash and cash equivalents	\$ 2,562,739	\$ 249,253
Investments, at market (Note 3)	<u>2,910,674</u>	<u>1,571,540</u>
Total Current Assets	5,473,413	1,820,793
Fixed assets, net of accumulated depreciation of \$102,120 in 2009 and \$91,074 in 2008 (Note 4)	<u>2,037,776</u>	<u>1,478,542</u>
Total Assets	\$ <u>7,511,189</u>	\$ <u>3,299,355</u>

LIABILITIES AND NET ASSETS

Liabilities	\$ <u>-</u>	\$ <u>-</u>
Commitments & other contingencies (Note 8)		
Net Assets:		
Unrestricted	2,950,111	3,277,873
Temporarily restricted	3,674,616	-
Permanently restricted	<u>886,462</u>	<u>21,462</u>
Total Net Assets	<u>7,511,189</u>	<u>3,299,335</u>
Total Liabilities & Net Assets	\$ <u>7,511,189</u>	\$ <u>3,299,335</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

BEDFORD AUDUBON SOCIETY, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN
NET ASSETS – CASH BASIS**

**For the Year Ended June 30, 2009
(With Comparative Totals for the Year Ended June 30, 2008)**

	<u>2009</u>			<u>Total</u>	<u>2008</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>		
Revenues & Other Support:					
Grant income	\$ 1,750	\$ 2,200	\$	\$ 3,950	\$ 3,625
Contributions (includes \$26,298 of in-kind for 2009) (Note 6)	64,218	3,825,049	867,500	4,756,767	36,545
Program services, net (Note 5)	3,724			3,724	4,852
Interest and dividends	64,075	18,887	1,928	84,890	70,757
Rental income	7,000			7,000	-
Realized/Unrealized gain (loss) on investments	(281,714)	(4,213)		(285,927)	(76,813)
Net Assets released from restrictions:					
Satisfaction of donor restrictions	<u>171,735</u>	<u>(169,807)</u>	<u>(1,928)</u>	<u>-</u>	<u>-</u>
Total Revenue & Other Support	<u>30,788</u>	<u>3,672,116</u>	<u>867,500</u>	<u>4,570,404</u>	<u>38,966</u>
Expenses:					
Program services	333,641			333,641	103,679
Support services	17,240			17,240	4,317
Fundraising	<u>7,669</u>			<u>7,669</u>	<u>3,035</u>
Total Expenses	<u>358,550</u>			<u>358,550</u>	<u>111,031</u>
Increase (decrease) in Net Assets	(327,762)	3,672,116	867,500	4,211,854	(72,065)
Net Assets, beginning of fiscal year	<u>3,277,873</u>	<u>-</u>	<u>21,462</u>	<u>3,299,335</u>	<u>3,371,400</u>
Net Assets, end of fiscal year	\$ <u>2,950,111</u>	\$ <u>3,672,116</u>	\$ <u>888,962</u>	\$ <u>7,511,189</u>	\$ <u>3,299,335</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

BEDFORD AUDUBON SOCIETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES – CASH BASIS

For the Year Ended June 30, 2009

(With Comparative Totals for the Year Ended June 30, 2008)

	2009				<u>2008</u>
	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$ 61,795	\$ 3,149	\$ 3,598	\$ 68,542	\$ 25,000
Payroll taxes	4,213	215	245	4,673	1,698
Professional fees (includes \$13,123 of in-kind for 2009)	22,013	10,800		32,813	-
Outside services	8,647			8,647	9,785
Printing	4,225			4,225	5,001
Insurance	9,547	1,335		10,882	10,668
Utilities	8,268			8,268	8,554
Maintenance (includes \$13,175 of in-kind for 2009)	190,236			190,236	24,292
Administrative expenses	3,268	1,510		4,778	5,555
Program expenses & supplies	6,437			6,437	1,950
Scholarships	1,000			1,000	1,000
Rental fees				-	1,786
Fundraising expenses			3,826	3,826	3,035
Meetings & conferences	342			342	412
Telephone	2,075	231		2,306	2,110
Interest	529			529	-
Depreciation	<u>11,046</u>	<u> </u>	<u> </u>	<u>11,046</u>	<u>10,185</u>
 Total Expenses	 <u>\$ 333,641</u>	 <u>\$ 17,240</u>	 <u>\$ 7,669</u>	 <u>\$ 358,550</u>	 <u>\$ 111,031</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

BEDFORD AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1 – Organization:

Bedford Audubon Society, Inc. (the “Organization”) was formed under the not-for-profit corporation laws of the State of New York and has been granted exemption from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code. The Organization’s primary exempt purpose is to promote the study of wildlife and other natural resources through field trips, publications and other means.

Note 2 – Summary of Significant Accounting Policies:

- a. The accompanying financial statements are presented on the cash basis of accounting. Revenue is recorded when received and expenses are recorded when paid. This is a comprehensive basis of accounting that is not in accordance with generally accepted accounting principles.
- b. The Organization’s financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-For-Profit Organizations”. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of Net Assets: unrestricted Net Assets, temporarily restricted Net Assets and permanently restricted Net Assets, based on the existence or absence of donor imposed restrictions.
- c. The breakdown of functional expenses into program services, support services and fundraising is as provided by management using on their best estimates as to the appropriate allocations.
- d. The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.
- e. Certain reclassifications may have been made to some prior year account balances in order to conform to current year presentation.
- f. A substantial number of volunteers have made significant contributions of their time to the Organization’s programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

BEDFORD AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 2 – Summary of Significant Accounting Policies (continued):

- g. The Organization 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 a purpose of the 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.

Temporarily restricted Net Assets of \$3,674,616 are designated for the conservation and management of the Henry Morgenthau Preserve.

Permanently restricted Net Assets are designated as follows:

Bauer Endowment	\$ 21,462
Henry Morgenthau Endowment	<u>867,500</u>
	\$ <u>888,962</u>

The income earned by the Bauer Endowment is restricted for trail maintenance.

The Henry Morgenthau Endowment is comprised of land with a fair market value of \$565,000 on the donation date of November 19, 2008 and \$302,500 of investments, the income of which is restricted for the conservation and management of the Henry Morgenthau Preserve.

Note 3 – Investments:

Investments are stated at fair market value and realized and unrealized gains and losses are reflected in the *Statement of Activities and Changes in Net Assets-Cash Basis*.

BEDFORD AUDUBON SOCIETY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 3 – Investments (continued):

Investments consist of the following as of June 30:

	<u>2009</u>	<u>2008</u>
U.S. Treasury Mutual Fund	\$ 226,487	\$ 272,333
Corporate Bond Mutual Funds	1,305,585	510,485
U.S. Stock Mutual Funds	652,312	472,556
International Stock Mutual Funds	330,756	242,969
Real Estate Index Funds	51,926	73,197
Global Stock Mutual Fund	284,434	-
Commodities Mutual Fund	<u>59,174</u>	<u>-</u>
Fair Market Value of Investments	2,910,674	1,571,540
Cost of Investments	<u>3,281,855</u>	<u>1,658,027</u>
Unrealized gain (loss)	\$ <u>(371,181)</u>	\$ <u>(86,487)</u>

Note 4 – Fixed Assets:

Fixed assets are stated on the *Statement of Financial Position - Cash Basis* at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over a 5 year estimated life for all equipment and a 39 year estimated life for building and improvements.

	<u>2009</u>	<u>2008</u>
Land	\$ 1,746,042	\$ 1,181,042
Building	200,000	200,000
Improvements	183,673	183,673
Equipment	<u>10,181</u>	<u>4,901</u>
	2,139,896	1,569,616
Accumulated depreciation	<u>(102,120)</u>	<u>(91,074)</u>
	\$ <u>2,037,776</u>	\$ <u>1,478,542</u>

BEDFORD AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 5 – Program Services:

Program services include the sale of high quality bird seed to the public:

Seed sale revenue	\$ 13,709
Less: expenses	<u>10,700</u>
Net proceeds	\$ <u>3,009</u>

Note 6 – Henry Morgenthau Preserve and Endowment:

On November 19, 2008, The Nature Conservancy (a not-for-profit organization) entered into an agreement to convey the Morgenthau Preserve consisting of 32.126 acres of land located in Pound Ridge, New York and the Morgenthau Endowment of \$4,127,549 to the Bedford Audubon Society. The Organization will have the responsibility for the conservation and management of the Preserve as well as the responsibility for the investment management of the Endowment. Income from the Endowment is restricted for the care and maintenance of the Preserve, related conservation and educational purposes, the acquisition of additional interests in real property, and other operational fees related to the Endowment. The land, valued at \$565,000, and original endowment principal of \$302,500 must be kept in perpetuity and is classified as permanently restricted in the accompanying financial statements.

Note 7 – Conservation Easements:

On March 31, 2009, Westchester Land Trust, Inc. (a not-for-profit organization), donated two Conservation Easements to the Organization. The properties, consisting of 9.125 and 111.64 acres, respectively, are located in the Town of Lewisboro, New York. The purpose of the Conservation Easements are to assure that the properties will be retained in their scenic, natural and open space condition to meet the conservation purposes cited in the Conservation Easements by protecting the properties from further development and other disturbance, and to forever relinquish all development rights to the properties, thereby preserving and protecting the conservation values of the properties. Westchester Land Trust, Inc. shall retain all responsibilities and bear all costs related to the ownership, operation, upkeep and maintenance of the properties, including all taxes, assessments and fees levied against the properties.

BEDFORD AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 8 – Commitments and Other Contingencies:

- a. The preparation of financial statements in conformity with the cash basis of accounting 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. Actual results could differ from those estimates.
- b. Pursuant to the Organization's contractual relationship with certain funding sources, outside agencies have the right to examine the books and records of the Organization involving transactions relating to these contracts. The accompanying financial statements make no provision for possible disallowances. Although such possible disallowances could be substantial in amount, in the opinion of Management, any actual disallowances would be immaterial.

Note 9 – Concentration of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions, which from time to time exceed the Federal depository insurance coverage limit.

Note 10 – Comparative Totals:

The amounts shown for the year ended June 30, 2008 in the accompanying financial statements are included to provide a basis for comparison with June 30, 2009 and present summarized totals only. Accordingly, the June 30, 2008 amounts are not intended to present all information necessary for a fair presentation in conformity with generally accepted accounting principles.