



AMERICAN BIRDING ASSOCIATION, INC.
Financial Statements
For the Year Ended December 31, 2020

TABLE OF CONTENTS

| | |
|---|---|
| Independent Accountant's Review Report | 1 |
| Statement of Financial Position | 3 |
| Statement of Activities and Changes in Net Assets | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 |

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
American Birding Association, Inc.
Delaware City, Delaware

We have reviewed the accompanying financial statements of American Birding Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Association's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standard require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion on the Financial Statements

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2019 Financial Statements

The 2019 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated November 9, 2020. We have not performed any auditing procedures since that date.

Emphasis of Matters

The accompanying financial statements have been prepared assuming that the Association will continue as a going concern. As discussed in Note I to the financial statements, in prior years, the Association had suffered net losses and has a net deficiency in net assets that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note I. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
November 15, 2021

AMERICAN BIRDING ASSOCIATION, INC.
Statement of Financial Position
December 31, 2020
(With Comparative Amounts for 2019)

| | (Reviewed) <u>2020</u> | (Audited) <u>2019</u> |
|--|---------------------------|--------------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 93,656 | \$ 77,241 |
| Accounts receivable, net | 87,567 | 85,234 |
| Prepaid expenses | 35,222 | 16,771 |
| Inventory | <u>49,357</u> | <u>52,769</u> |
| Total current assets | 265,802 | 232,015 |
| PROPERTY AND EQUIPMENT, net | <u>2,832</u> | <u>10,856</u> |
| TOTAL ASSETS | <u>\$ 268,634</u> | <u>\$ 242,871</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued liabilities | \$ 66,881 | \$ 120,707 |
| Short term notes payable | | 30,000 |
| Current portion of deferred revenue | <u>306,780</u> | <u>305,744</u> |
| Total current liabilities | 373,661 | 456,451 |
| LONG TERM LIABILITIES: | | |
| Long term portion of deferred revenue | <u>31,760</u> | <u>35,330</u> |
| TOTAL LIABILITIES | 405,421 | 491,781 |
| NET ASSETS: | | |
| Net assets without donor restrictions | (148,695) | (263,649) |
| Net assets with donor restrictions | <u>11,908</u> | <u>14,739</u> |
| Total net assets | <u>(136,787)</u> | <u>(248,910)</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 268,634</u> | <u>\$ 242,871</u> |

See Notes to Financial Statements

AMERICAN BIRDING ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020
(With Comparative Amounts for 2019)

| | Net Assets Without Donor Restrictions | Net Assets With Donor Restricted | (Reviewed) 2020 Totals | (Audited) 2019 Totals |
|--|---|--|------------------------------|-----------------------------|
| REVENUE: | | | | |
| Membership contributions | \$ 300,094 | \$ | \$ 300,094 | \$ 250,583 |
| Other contributions, grants and contracts | 221,626 | | 221,626 | 151,664 |
| Membership dues | 225,863 | | 225,863 | 220,621 |
| Advertising | 111,873 | | 111,873 | 225,995 |
| PPP grant | 81,436 | | 81,436 | |
| Other income | 49,559 | | 49,559 | 29,038 |
| Publications production | 35,525 | | 35,525 | 49,615 |
| Endorsements and royalties | 24,081 | | 24,081 | 54,506 |
| Conferences and meetings | 15,200 | | 15,200 | 293,492 |
| Loss on disposal of assets | | | | (243) |
| Satisfied program restrictions | <u>2,831</u> | <u>(2,831)</u> | | |
| Total revenue | 1,068,088 | (2,831) | 1,065,257 | 1,275,271 |
| EXPENSES: | | | | |
| Program services: | | | | |
| Conservation and community | 333,370 | | 333,370 | 568,299 |
| Member services | <u>427,908</u> | | <u>427,908</u> | <u>505,178</u> |
| Total program services | 761,278 | | 761,278 | 1,073,477 |
| Supporting services: | | | | |
| General and administrative | 168,334 | | 168,334 | 198,877 |
| Membership development and fundraising | <u>23,522</u> | | <u>23,522</u> | <u>24,678</u> |
| Total supporting services | <u>191,856</u> | | <u>191,856</u> | <u>223,555</u> |
| Total expenses | <u>953,134</u> | | <u>953,134</u> | <u>1,297,032</u> |
| CHANGE IN NET ASSETS | 114,954 | (2,831) | 112,123 | (21,761) |
| NET ASSETS, beginning of year | <u>(263,649)</u> | <u>14,739</u> | <u>(248,910)</u> | <u>(248,910)</u> |
| NET ASSETS, end of year | <u>\$ (148,695)</u> | <u>\$ 11,908</u> | <u>\$ (136,787)</u> | <u>\$ (270,671)</u> |

See Notes to Financial Statements

AMERICAN BIRDING ASSOCIATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

| | Program Services | | | Supporting Services | | (Reviewed) 2020 Totals | (Audited) 2019 Totals |
|-------------------------|-----------------------------|--------------------|------------------------------|-----------------------------|--|------------------------------|-----------------------------|
| | Conservation & Community | Member Services | Total Program Services | General & Administrative | Membership Development & Fundraising | | |
| Salaries & wages | \$ 141,678 | \$ 145,133 | \$ 286,811 | \$ 48,377 | \$ 10,367 | \$ 345,555 | \$ 389,584 |
| Professional fees | 85,238 | 71,083 | 156,321 | 15,854 | 2,535 | 174,710 | 181,623 |
| Printing & mailing | 20,881 | 95,627 | 116,508 | | 7,377 | 123,885 | 169,902 |
| Publications production | 16,082 | 38,204 | 54,286 | | | 54,286 | 44,185 |
| Occupancy | | | | 45,908 | | 45,908 | 64,054 |
| Employee benefits | 21,865 | 10,285 | 32,150 | 11,039 | 2,163 | 45,352 | 37,533 |
| Supplies | 10,444 | 20,084 | 30,528 | 1,478 | | 32,006 | 25,946 |
| Payroll taxes | 11,344 | 11,620 | 22,964 | 3,873 | 830 | 27,667 | 31,700 |
| Bank charges | | 23,588 | 23,588 | 2,576 | | 26,164 | 30,657 |
| Telephone | | 1,302 | 1,302 | 12,749 | | 14,051 | 18,042 |
| Conferences & meetings | 11,081 | | 11,081 | | | 11,081 | 183,206 |
| Equipment rental | | 10,458 | 10,458 | | | 10,458 | 13,772 |
| Miscellaneous | | | | 10,082 | | 10,082 | 6,914 |
| Cost of sales | 9,343 | | 9,343 | | | 9,343 | 7,634 |
| Insurance | | | | 8,154 | | 8,154 | 7,884 |
| Depreciation | | | | 8,025 | | 8,025 | 8,463 |
| Travel | 2,664 | 524 | 3,188 | | | 3,188 | 24,660 |
| Contributions | 2,500 | | 2,500 | | | 2,500 | 3,958 |
| Marketing & promotion | 180 | | 180 | | 250 | 430 | 3,358 |
| Interest expense | | | | 219 | | 219 | 137 |
| Dues & subscriptions | 70 | | 70 | | | 70 | 1,051 |
| Repairs & maintenance | | | | | | | 19,364 |
| Bad debt | | | | | | | 21,263 |
| Awards & grants | | | | | | | 2,142 |
| | <u>\$ 333,370</u> | <u>\$ 427,908</u> | <u>\$ 761,278</u> | <u>\$ 168,334</u> | <u>\$ 23,522</u> | <u>\$ 953,134</u> | <u>\$ 1,297,032</u> |

See Notes to Financial Statements

AMERICAN BIRDING ASSOCIATION, INC.
Statement of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Amounts for 2019)

| | (Reviewed) | (Audited) |
|---|------------------|------------------|
| | <u>2020</u> | <u>2019</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 112,123 | \$ (21,761) |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | | |
| Depreciation | 8,025 | 8,463 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in assets: | | |
| Accounts receivable, net | (2,333) | (64,472) |
| Contributions receivable | | 7,972 |
| Prepaid expenses | (18,451) | 8,364 |
| Inventory | 3,412 | (2,619) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued liabilities | (53,827) | (33,076) |
| Short term loan liability | (30,000) | 30,000 |
| Deferred revenue | <u>(2,534)</u> | <u>20,906</u> |
| Total adjustments | <u>(95,708)</u> | <u>(24,462)</u> |
| Net cash used by operating activities | 16,415 | (46,223) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Donation of investments | | 9,600 |
| Acquisition of property and equipment | | <u>(1,256)</u> |
| Net cash provided (used) by investing activities | | <u>8,344</u> |
| NET INCREASE (DECREASE) IN CASH | 16,415 | (37,879) |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>77,241</u> | <u>115,120</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 93,656</u> | <u>\$ 77,241</u> |

See Notes to Financial Statements

AMERICAN BIRDING ASSOCIATION, INC.
Notes to Financial Statements
For the Year Ended December 31, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

12/31/20 REVIEW (the Association) is a not-for-profit corporation, organized under the laws of the State of Texas that works to grow and strengthen the birding community and to increase support for enhanced birding opportunities and habitat conservation. The Association provides leadership to field birders, increasing their knowledge, skills, and enjoyment of birding, promoting adoption of the ABA Code of Birding Ethics, and by contributions to bird conservation. The Association supports the interests of birders of all ages and experience. They promote field birding skills through meetings, workshops, publications, equipment, and guided involvement in birding; develop and disseminate information about birds, birders, and birding; and promote national and international birder networks. The Association actively encourages the conservation of birds and their habitats. The majority of the Association's revenues are derived from membership dues, other charitable contributions, and publication revenues. The Association's members are located in every state, province and territory in the United States and Canada, as well as throughout North America and numerous countries worldwide.

Cash and Cash Equivalents

The Association considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2020 and 2019, cash and cash equivalents consisted of the Association's checking and petty cash accounts.

Accounts and Contributions Receivable

Accounts and contributions receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. As of 12/31/2020 31, 2020 and 2019, receivables were recorded net of an allowance for doubtful accounts of \$20,000 each year.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventory

Inventory consists of various publications and apparel for sale to both members and non-members. Inventory is valued at the lower of first-in, first-out cost or net realizable value.

Property and Equipment

Property and equipment are recorded at cost when purchased or fair value at date of gift. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or the estimated useful lives. Depreciation is recorded using the straight-line method over estimated useful lives as follows:

| | |
|---------------------------------|------------|
| Computer equipment and software | 3 years |
| Leasehold improvements | 5-10 years |
| Office equipment | 3-5 years |

Depreciation expense for the years ended December 31, 2020 and 2019 was \$8,025 and \$8,463, respectively. The Association capitalizes property and equipment with an initial cost in excess of \$1,000.

Contributions

Contributions are recorded when received as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions.

Donated Items & Services

The Association at times may receive donated items or securities. These items are valued at the estimated fair value and are recorded as in-kind donations and in-kind expense or asset, as appropriate, in the Association's financial statements.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers

Events - The Corporation receives revenue from sales related to various birding events. The revenue is recognized at the time of the event, which recognizes the completion of the Association's performance obligations.

Membership Revenue - During 2012, the Association restructured membership dues, allowing a portion of the dues collected to qualify for tax deductible charitable contributions. The Association began reporting the deductible contribution portion separately from the non-deductible dues on its financial statements, with the contributions recorded as revenue upon receipt, and the non-deductible dues deferred and recognized as revenue over the corresponding period of membership.

Sales revenue - The Association receives revenue from the sale of merchandise and publications. The revenue is recognized upon sale when the performance obligations have been satisfied.

Royalties - The Association receives royalties on merchandise sold through ABA Sales. This revenue is recognized upon receipt as the performance obligations have been satisfied.

Advertising - The Association recognizes revenue from advertising contracts with sponsors and suppliers. Performance obligations in such contracts are satisfied as the publications are released, and revenue is recognized at that time.

Income Taxes

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The Association's form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date they were filed. Management of the Association believes that it does not have any uncertain tax positions that are material to the financial statements.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Supplemental Cash Flow Disclosures

Cash flows from operating activities did not include any amounts paid for interest or income tax expense during the years ended 12/31/2020 and 2019.

Use of Estimates

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, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Prior-Year Comparisons

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 15, 2021, the date that the financial statements were available to be issued.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to one or more programs or supporting services of the Association. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include grants which are allocated fully to the related programs, as well as salaries and benefits, professional fees, rent, insurance, and other operating expenses, which are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services.

Notes to Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY

The following table reflects the Association's financial assets as of 12/31/2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of 12/31/2020 and 2019 because of contractual restrictions or internal board designations. Amounts not available include net assets with donor restrictions.

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Cash and cash equivalents | \$ 93,656 | \$ 77,241 |
| Accounts receivable, net | <u>87,567</u> | <u>85,234</u> |
| Total financial assets | 181,223 | 162,475 |
| Less amounts with donor restrictions | <u>(11,908)</u> | <u>(14,739)</u> |
| Financial assets available within one year | <u>\$ 169,315</u> | <u>\$ 147,736</u> |

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Association manages their cash flow through regular monthly analysis of budgeted expenses compared to cash and cash equivalents.

C. PROPERTY AND EQUIPMENT

Property and equipment at 12/31/2020 and 2019, consists of the following:

| | <u>2020</u> | <u>2019</u> |
|---------------------------------|-----------------|------------------|
| Computer equipment and software | \$ 43,834 | \$ 43,833 |
| Office equipment | <u>5,407</u> | <u>5,407</u> |
| | 49,241 | 49,240 |
| Less accumulated depreciation | <u>(46,409)</u> | <u>(38,384)</u> |
| | <u>\$ 2,832</u> | <u>\$ 10,856</u> |

Notes to Financial Statements

D. DEFERRED REVENUE

Deferred revenue at 12/31/2020 and 2019, consists of the following:

| | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|
| Membership dues | \$ 203,604 | \$ 210,067 |
| Subscriptions | 28,167 | 37,278 |
| Registration revenue | 83,769 | 70,729 |
| Sponsor revenue | <u>23,000</u> | <u>23,000</u> |
| | 338,540 | 341,074 |
| Less current portion of deferred revenue | <u>(306,780)</u> | <u>(305,744)</u> |
| Long-term portion of deferred revenue | <u>\$ 31,760</u> | <u>\$ 35,330</u> |

E. OPERATING LEASES

The Association leases office space in Delaware City, Delaware under an operating lease that began September 15, 2014, with an initial term of five years. This lease was renewed for two years in 2019 and requires base rent monthly payments of \$4,050 with increases of \$50 per month each subsequent year. In addition to the base rent payments, the Association is responsible for its share of common area maintenance charges. This lease offers the Association the option to renew the lease for two additional terms of five years each.

The Association is also leasing a copier for 36 months beginning in January 2020, which requires monthly payments of \$513 and a postage machine through March 2023, which requires minimum quarterly payments of \$259.

Future minimum payments under these operating leases are as follows:

| | |
|------|-----------|
| 2021 | \$ 25,176 |
| 2022 | 7,176 |
| 2023 | 255 |

Rent expense for all operating leases for the years ended 12/31/2020 and 2019 was \$45,908 and \$64,023, respectively. The Association is in the process of their office lease space and future minimum payments may be reduced as a result.

Notes to Financial Statements

F. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY

Temporarily restricted net assets at 12/31/2020 are available for the following purposes:

| | |
|--------------------------|------------------|
| Birders Exchange Program | <u>\$ 11,908</u> |
|--------------------------|------------------|

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose or by satisfying the time restrictions. During the year ended 12/31/2020, temporarily restricted net assets were released in the amount of \$2,831 for the Birders Exchange Program.

G. EMPLOYEE BENEFIT PLAN

The Association has a SIMPLE retirement plan covering substantially all employees. Employee voluntary contributions are matched by the Association up to 3% of annual compensation. Pension expense was \$9,335 and \$13,895 for each of the years ended 12/31/2020 and 2019, respectively.

H. LICENSING AGREEMENTS

The Association has entered into agreements with various vendors for which it receives royalty payments on all products they sell through ABA Sales. For the years ending 12/31/2020 and 2019, the Association earned \$22,581 and \$14,031, respectively, under these licensing agreements.

I. DEFICIENCY IN NET ASSETS

As reflected in the accompanying statement of financial position, the Association has a deficiency of net assets at 12/31/2020, of \$153,199. The Association has been successful in generating a net income in the past two out of the last five years. In order to continue to reduce this deficiency, the Association is taking the following actions:

- Closely monitoring the budget and financial forecasts approved by the Board of Directors in comparison to actual expenditures and taking steps to prevent cost overruns.
- Reducing program, administration, and overhead expenses.

Notes to Financial Statements

I. DEFICIENCY IN NET ASSETS - Continued

- Increasing membership revenue through an ambitious campaign that focuses on incentives and strategies for member recruitment and retention that have proved successful in recent years.
- Increasing donations and other funding by reorganizing ongoing and novel Conservation and Community programs and presenting a more compelling case for support.
- Developing a strategic plan to help the Association focus on building sustainable programs for the future.

J. CONTINGENCIES

In March 2020, the outbreak of a novel strain of coronavirus (the COVID-19 outbreak) was recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses, "shelter in place" and other governmental regulations and job losses. The extent to which the COVID-19 outbreak will affect the operations or financial results of the American Birding Association, Inc. is uncertain.

Significant events scheduled in 2020, such as trips to Oaxaca and Minnesota-North Dakota as well as all bird camps, have been postponed until 2021. It is unknown how this will financially affect the Association. Additionally, due to the closures of many businesses and their reduced income, the Association expects donations to be significantly less in 2020.

In 2020, the Association received a \$81,436 loan through the Small Business Administration's Paycheck Protection Program. A portion or all of loan may be forgiven by the Small Business Administration if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a maturity of up to five years and an interest rate of 1%. Loan payments are deferred for 10 months.

Prior to year-end, the Association met the criteria for forgiveness of the loan and subsequent to year end received confirmation from the Small Business Administration that the Association has received full forgiveness. As a result of the forgiveness, the proceeds from the loan have been included in the statement of activities as PPP grant income.