



AMERICAN BIRDING ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

AMERICAN BIRDING ASSOCIATION, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

February 5, 2024

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 not-for-profit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, 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 organization 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 standards 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.

We are required to be independent of American Birding Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant requirements related to our review.

To the Board of Directors
American Birding Association, Inc.

Accountant's Conclusion

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.

Emphasis of Matter Regarding Going Concern

As discussed in Note H to the financial statements, American Birding Association, Inc. has a net asset deficiency. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note H. Our opinion is not modified with respect to this matter.

Summarized Comparative Information

The financial statements of American Birding Association, Inc. for the year ended December 31, 2021, were reviewed by us with a report dated November 4, 2022; and we stated that, based on our review, that we are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

AMERICAN BIRDING ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	207,960	\$ 178,003
Accounts receivable, net	111,758	41,306
Prepaid expenses	8,651	21,957
Inventory	13,639	25,408
Total Current Assets	342,008	266,674
 TOTAL ASSETS	\$ 342,008	\$ 266,674
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 82,914	\$ 97,926
Current portion of deferred revenue	234,399	258,838
Total Current Liabilities	317,313	356,764
 Long-term Liabilities:		
Long-term portion of deferred revenue	25,944	30,744
Total Liabilities	343,257	387,508
 NET ASSETS (DEFICIT)		
Without donor restrictions (deficit)	(8,163)	(130,710)
With donor restrictions	6,914	9,876
Total Net Assets (deficit)	(1,249)	(120,834)
 TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 342,008	\$ 266,674

See independent accountant's review report.

AMERICAN BIRDING ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Summarized Comparative Information for the Year Ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
PUBLIC SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS:				
Membership contributions	\$ 385,511	\$ -	\$ 385,511	\$ 324,613
Other contributions, grants, and contracts	365,278	-	365,278	332,053
Membership dues	259,006	-	259,006	218,402
Advertising	161,967	-	161,967	90,467
Other income	148,220	-	148,220	3,000
Publications production	16,518	-	16,518	21,800
Endorsements and royalties	52,857	-	52,857	54,434
Conferences and meetings	274,625	-	274,625	176,809
Satisfied program restrictions	2,962	(2,962)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS	1,666,944	(2,962)	1,663,982	1,221,578
EXPENSES AND LOSS:				
Program services:				
Conservation and community	646,981	-	646,981	492,250
Member services	558,571	-	558,571	445,467
Total Program Services	1,205,552	-	1,205,552	937,717
Supporting services:				
General and administrative	239,111	-	239,111	196,663
Membership development and fundraising	99,734	-	99,734	29,585
Total Supporting Services	338,845	-	338,845	226,248
TOTAL EXPENSES	1,544,397	-	1,544,397	1,163,965
Loss on disposal of assets	-	-	-	41,660
TOTAL EXPENSES AND LOSS	1,544,397	-	1,544,397	1,205,625
CHANGE IN NET ASSETS	122,547	(2,962)	119,585	15,953
NET ASSETS (DEFICIT), BEGINNING OF YEAR	(130,710)	9,876	(120,834)	(136,787)
NET ASSETS (DEFICIT), END OF YEAR	\$ (8,163)	\$ 6,914	\$ (1,249)	\$ (120,834)

See independent accountant's review report.

AMERICAN BIRDING ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Summarized Comparative Information for the Year Ended December 31, 2021)

	Program Services			Supporting Services		Totals	
	Conservation and Community	Member Services	Total Program Services	General and Administrative	Membership Development and Fundraising	2022	2021
	EXPENSES:						
Bank charges	\$ -	\$ 6,722	\$ 6,722	\$ 734	\$ -	\$ 7,456	\$ 1,718
Conferences and meetings	114,000	-	114,000	-	-	114,000	113,331
Cost of sales	22,575	-	22,575	-	-	22,575	8,641
Dues and subscriptions	340	-	340	-	-	340	95
Employee benefits	33,360	15,692	49,052	16,842	3,300	69,194	68,617
Equipment rental	-	7,803	7,803	-	-	7,803	7,904
Insurance	-	-	-	10,398	-	10,398	14,538
Interest expense	-	-	-	-	-	-	61
Marketing and promotion	34,617	-	34,617	-	48,080	82,697	219
Miscellaneous	-	-	-	71,991	-	71,991	35,064
Occupancy	-	-	-	21,349	-	21,349	28,813
Payroll taxes	17,239	17,657	34,896	5,885	1,260	42,041	38,111
Professional fees	165,340	137,883	303,223	30,753	4,918	338,894	195,032
Printing and mailing	33,340	152,691	186,031	-	11,780	197,811	168,551
Salaries and wages	182,213	186,655	368,868	62,216	13,333	444,417	405,829
Supplies	13,369	25,710	39,079	1,892	-	40,971	28,944
Telephone	-	1,741	1,741	17,051	-	18,792	22,187
Travel	30,588	6,017	36,605	-	-	36,605	26,310
Bad debt	-	-	-	-	17,063	17,063	-
TOTAL EXPENSES	<u>\$ 646,981</u>	<u>\$ 558,571</u>	<u>\$ 1,205,552</u>	<u>\$ 239,111</u>	<u>\$ 99,734</u>	<u>\$ 1,544,397</u>	<u>\$ 1,163,965</u>

See independent accountant's review report.

**AMERICAN BIRDING ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 119,585	\$ 15,953
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Bad debt expense	17,063	-
Loss on disposal of assets	-	41,660
(Increase) Decrease in accounts receivable, net	(87,515)	46,261
(Increase) Decrease in prepaid expenses	13,306	13,265
(Increase) Decrease in inventory	11,769	(14,879)
Increase (Decrease) in accounts payable and accrued liabilities	(15,012)	31,045
Increase (Decrease) in deferred revenue	(29,239)	(48,958)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>29,957</u>	<u>84,347</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,957	84,347
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>178,003</u>	<u>93,656</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 207,960</u>	<u>\$ 178,003</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	<u>\$ -</u>	<u>\$ 61</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

See independent accountant's review report.

AMERICAN BIRDING ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE A THE ORGANIZATION

American Birding Association, Inc. (“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.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Association are prepared on the accrual basis of accounting.

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, 2022 and 2021, cash and cash equivalents consisted of the Association’s checking and petty cash accounts and an undeposited fund account.

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 December 31, 2022 and 2021, receivables were recorded net of an allowance for doubtful accounts of \$36,821 and \$20,000, respectively.

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 or net realizable value.

AMERICAN BIRDING ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 and 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.

Revenue from Contracts with Customers

Events – The Association 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 obligation 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.

AMERICAN BIRDING ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 it was filed. Management of the Association believes that it does not have any uncertain tax positions that are material to the financial statements.

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.

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.

NOTE C AVAILABLE RESOURCES AND LIQUIDITY

The following table reflects the Association's financial assets as of December 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of December 31, 2022 and 2021 because of contractual restrictions or internal board designations. Amounts not available include net assets with donor restrictions.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 207,960	\$ 178,003
Accounts receivable, net	111,758	41,306
Total financial assets	<u>319,718</u>	<u>219,309</u>
Less: amounts with donor restrictions	<u>(6,914)</u>	<u>(9,876)</u>
Financial assets available within one year	<u>\$ 312,804</u>	<u>\$ 209,433</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.

AMERICAN BIRDING ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE D DEFERRED REVENUE

Deferred revenue at December 31, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Membership dues	\$ 165,800	\$ 198,254
Registration revenue	94,543	45,052
Subscriptions	-	23,276
Sponsor revenue	-	23,000
	<u>260,343</u>	<u>289,582</u>
Less: current portion of deferred revenue	<u>(234,399)</u>	<u>(258,838)</u>
Long-term portion of deferred revenue	<u>\$ 25,944</u>	<u>\$ 30,744</u>

NOTE E NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY

Donor restricted net assets at December 31, 2022 and 2021 are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Birders Exchange Program	<u>\$ 6,914</u>	<u>\$ 9,876</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose or by satisfying the time restrictions. During the years ended December 31, 2022 and 2021, \$0 and \$2,032, respectively, in donor restricted net assets were released for the Birders Exchange Program.

NOTE F EMPLOYEE BENEFIT PLAN

The Association has a SIMPLE retirement plan covering substantially all employees. Employees voluntary contributions are matched by the Association up to three percent of annual compensation. Employer contributions were \$32,319 and \$10,813 for the years ended December 31, 2022 and 2021, respectively, and are included in employee benefits on the statement of functional expenses.

NOTE G 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 ended December 31, 2022 and 2021, the Association earned \$16,518 and \$21,800, respectively, under these licensing agreements.

AMERICAN BIRDING ASSOCIATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE H DEFICIENCY IN NET ASSETS

As reflected in the accompanying statement of financial position, the Association has a deficiency of net assets at December 31, 2022 and 2021 of \$1,249 and \$120,834 respectively. 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 expenses and taking steps to prevent cost overruns.
- Reducing program, administration, and overhead expenses.
- 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.

NOTE I SUBSEQUENT EVENTS

The Association has evaluated all subsequent events through February 5, 2024, the date the financial statements were available to be issued.