



AUDIT REPORT

**FINANCIAL AND FEDERAL AWARD
COMPLIANCE EXAMINATION**

FOR THE YEAR ENDED DECEMBER 31, 2019

AMERICAN BIRD CONSERVANCY

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FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

AMERICAN BIRD CONSERVANCY

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Bird Conservancy
The Plains, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the American Bird Conservancy (ABC), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABC as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRFCPA.COM

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards on pages I-(23 - 29), as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, on our consideration of ABC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ABC's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ABC's internal control over financial reporting and compliance.



September 30, 2020

AMERICAN BIRD CONSERVANCY
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,826,048	\$ 2,356,198
Investments	6,415,624	5,720,220
Contributions and grants receivable	9,840,248	2,770,920
Sub-grantee advances	-	29,683
Prepaid expenses and other assets	<u>76,158</u>	<u>145,306</u>
Total current assets	<u>19,158,078</u>	<u>11,022,327</u>
FURNITURE AND EQUIPMENT , net of accumulated depreciation and amortization of \$251,865 and \$221,085 for 2019 and 2018, respectively	<u>20,506</u>	<u>43,853</u>
OTHER ASSETS		
Contributions and grants receivable, net of current portion	<u>50,000</u>	<u>100,000</u>
TOTAL ASSETS	<u>\$ 19,228,584</u>	<u>\$ 11,166,180</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 474,690	\$ 536,987
Accrued salaries and related benefits	286,854	254,908
Deferred rent	<u>15,738</u>	<u>10,665</u>
Total current liabilities	<u>777,282</u>	<u>802,560</u>
NONCURRENT LIABILITIES		
Deferred rent, net of current portion	<u>8,224</u>	<u>23,962</u>
Total liabilities	<u>785,506</u>	<u>826,522</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	1,881,608	619,521
Board designated	<u>11,120,106</u>	<u>4,561,586</u>
Total net assets without donor restrictions	13,001,714	5,181,107
With donor restrictions	<u>5,441,364</u>	<u>5,158,551</u>
Total net assets	<u>18,443,078</u>	<u>10,339,658</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,228,584</u>	<u>\$ 11,166,180</u>

AMERICAN BIRD CONSERVANCY

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 11,988,862	\$ 3,521,909	\$ 15,510,771
Grants	3,460,054	2,006,290	5,466,344
Interest and investment income (loss), net	627,870	76,777	704,647
Contributed services	8,968	-	8,968
Other revenue	193,637	-	193,637
Net assets released from donor restrictions	<u>5,322,163</u>	<u>(5,322,163)</u>	<u>-</u>
Total support and revenue	<u>21,601,554</u>	<u>282,813</u>	<u>21,884,367</u>
EXPENSES			
Program Services:			
Bird Conservation Projects	10,597,326	-	10,597,326
Education and Outreach	<u>861,291</u>	<u>-</u>	<u>861,291</u>
Total program services	<u>11,458,617</u>	<u>-</u>	<u>11,458,617</u>
Supporting Services:			
Management and General	1,368,300	-	1,368,300
Fundraising	648,433	-	648,433
Membership Development	<u>305,597</u>	<u>-</u>	<u>305,597</u>
Total supporting services	<u>2,322,330</u>	<u>-</u>	<u>2,322,330</u>
Total expenses	<u>13,780,947</u>	<u>-</u>	<u>13,780,947</u>
Changes in net assets	7,820,607	282,813	8,103,420
Net assets at beginning of year	<u>5,181,107</u>	<u>5,158,551</u>	<u>10,339,658</u>
NET ASSETS AT END OF YEAR	<u>\$ 13,001,714</u>	<u>\$ 5,441,364</u>	<u>\$ 18,443,078</u>

2018		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 4,114,066	\$ 4,226,004	\$ 8,340,070
-	5,126,888	5,126,888
(115,079)	(20,434)	(135,513)
3,612	-	3,612
46,500	-	46,500
<u>10,968,361</u>	<u>(10,968,361)</u>	<u>-</u>
<u>15,017,460</u>	<u>(1,635,903)</u>	<u>13,381,557</u>
10,770,916	-	10,770,916
<u>721,532</u>	<u>-</u>	<u>721,532</u>
<u>11,492,448</u>	<u>-</u>	<u>11,492,448</u>
1,407,803	-	1,407,803
590,750	-	590,750
<u>290,836</u>	<u>-</u>	<u>290,836</u>
<u>2,289,389</u>	<u>-</u>	<u>2,289,389</u>
<u>13,781,837</u>	<u>-</u>	<u>13,781,837</u>
1,235,623	(1,635,903)	(400,280)
<u>3,945,484</u>	<u>6,794,454</u>	<u>10,739,938</u>
<u>\$ 5,181,107</u>	<u>\$ 5,158,551</u>	<u>\$ 10,339,658</u>

AMERICAN BIRD CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Supporting Services				
	Bird Conservation Projects	Education and Outreach	Total Program Services	Management and General	Fundraising	Membership Development	Total Supporting Services	
Salaries	\$ 4,228,949	\$ 528,237	\$ 4,757,186	\$ 782,768	\$ 446,982	\$ 94,044	\$ 1,323,794	\$ 6,080,980
Payroll taxes and benefits	1,046,772	130,752	1,177,524	193,755	110,639	23,278	327,672	1,505,196
Printing	12,844	517	13,361	-	2,403	90,529	92,932	106,293
Occupancy	173,802	21,710	195,512	32,170	18,370	3,865	54,405	249,917
Grants	3,339,070	-	3,339,070	-	-	-	-	3,339,070
Travel	494,120	4,178	498,298	13,965	17,968	-	31,933	530,231
Professional fees	902,857	75,901	978,758	77,406	7,750	13,080	98,236	1,076,994
Postage	2,591	3,127	5,718	4,311	4,416	51,729	60,456	66,174
Advertising	6,364	29,510	35,874	13,572	1,539	7,746	22,857	58,731
Meetings and conferences	79,120	1,667	80,787	46,976	5,575	-	52,551	133,338
Miscellaneous	19,549	75	19,624	33,029	107	-	33,136	52,760
Telephone	18,720	2,338	21,058	3,465	1,979	416	5,860	26,918
Office supplies	111,513	705	112,218	27,024	829	7,132	34,985	147,203
Depreciation and amortization	21,406	2,674	24,080	3,962	2,262	476	6,700	30,780
Insurance	65,256	8,151	73,407	12,079	6,897	1,451	20,427	93,834
Office equipment	28,838	23,819	52,657	96,986	6,501	9,095	112,582	165,239
Bank charges	27,509	3,436	30,945	3,272	2,908	612	6,792	37,737
Equipment rental	-	-	-	7,742	165	1,883	9,790	9,790
Dues	13,410	3,739	17,149	14,485	5,197	36	19,718	36,867
Books	3,048	20,755	23,803	135	-	-	135	23,938
Licenses and permits	1,588	-	1,588	1,198	5,946	225	7,369	8,957
TOTAL	<u>\$ 10,597,326</u>	<u>\$ 861,291</u>	<u>\$11,458,617</u>	<u>\$ 1,368,300</u>	<u>\$ 648,433</u>	<u>\$ 305,597</u>	<u>\$ 2,322,330</u>	<u>\$ 13,780,947</u>

See accompanying notes to financial statements.

AMERICAN BIRD CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services			Supporting Services				Total Expenses
	Bird Conservation Projects	Education and Outreach	Total Program Services	Management and General	Fundraising	Membership Development	Total Supporting Services	
Salaries	\$ 3,741,868	\$ 434,314	\$ 4,176,182	\$ 756,701	\$ 381,633	\$ 119,528	\$ 1,257,862	\$ 5,434,044
Payroll taxes and benefits	931,938	108,169	1,040,107	188,462	95,048	29,769	313,279	1,353,386
Printing	46	50,000	50,046	-	4,758	68,011	72,769	122,815
Occupancy	172,376	18,480	190,856	32,198	16,239	5,086	53,523	244,379
Grants	4,502,052	10,750	4,512,802	-	-	7,500	7,500	4,520,302
Travel	437,574	7,601	445,175	13,453	24,793	829	39,075	484,250
Professional fees	686,538	40,588	727,126	93,837	30,836	180	124,853	851,979
Postage	4,143	717	4,860	2,791	908	34,735	38,434	43,294
Advertising	8,690	5,645	14,335	1,197	4,330	882	6,409	20,744
Meetings and conferences	33,742	876	34,618	85,166	1,643	155	86,964	121,582
Miscellaneous	1,962	365	2,327	111,389	872	-	112,261	114,588
Telephone	18,751	2,176	20,927	3,792	1,912	599	6,303	27,230
Office supplies	88,734	2,233	90,967	33,809	1,947	498	36,254	127,221
Depreciation and amortization	28,724	3,334	32,058	5,808	2,930	918	9,656	41,714
Insurance	28,140	3,266	31,406	5,691	2,870	899	9,460	40,866
Office equipment	31,272	18,772	50,044	62,782	1,686	19,924	84,392	134,436
Bank charges	28,347	3,290	31,637	5,733	2,891	906	9,530	41,167
Equipment rental	6,007	697	6,704	1,215	613	192	2,020	8,724
Dues	17,454	10,159	27,613	3,452	8,215	-	11,667	39,280
Books	1,258	-	1,258	38	85	-	123	1,381
Licenses and permits	1,300	100	1,400	289	6,541	225	7,055	8,455
TOTAL	\$ 10,770,916	\$ 721,532	\$11,492,448	\$ 1,407,803	\$ 590,750	\$ 290,836	\$ 2,289,389	\$ 13,781,837

See accompanying notes to financial statements.

AMERICAN BIRD CONSERVANCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 8,103,420	\$ (400,280)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	30,780	41,714
Receipt of contributed securities	(403,996)	(720,326)
Proceeds from the sales of contributed securities	409,032	713,440
Realized (gain) loss on sales of contributed securities	(5,036)	6,886
Unrealized (gain) loss on investments	(437,219)	377,965
Realized gain on sales of investments	-	(34,926)
Contributions to be invested in perpetuity	-	(60,000)
(Increase) decrease in:		
Contributions and grants receivable	(7,019,328)	2,923,896
Sub-grantee advances	29,683	128,891
Prepaid expenses and other assets	69,148	575
(Decrease) increase in:		
Accounts payable and accrued liabilities	(62,297)	178,589
Accrued salaries and related benefits	31,946	31,641
Deferred rent	(10,665)	(5,739)
Net cash provided by operating activities	<u>735,468</u>	<u>3,182,326</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	(7,433)	(15,107)
Purchases of investments	(258,185)	(2,599,155)
Proceeds from sales of investments	<u>-</u>	<u>214,313</u>
Net cash used by investing activities	<u>(265,618)</u>	<u>(2,399,949)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions to be invested in perpetuity	<u>-</u>	<u>60,000</u>
Net cash provided by financing activities	<u>-</u>	<u>60,000</u>
Net increase in cash and cash equivalents	469,850	842,377
Cash and cash equivalents at beginning of year	<u>2,356,198</u>	<u>1,513,821</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,826,048</u>	<u>\$ 2,356,198</u>

AMERICAN BIRD CONSERVANCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The American Bird Conservancy (ABC) is a not-for-profit membership organization dedicated to the protection of wild birds and their habitats throughout the Americas. ABC leads several conservation programs, coordinates collaborative approaches between bird conservation groups, enhances communications between groups and provides a clear and impartial picture about avian conservation to the public.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than ABC mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncements adopted -

During 2019, ABC adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. ABC adopted the ASU using a modified prospective basis.

Cash and cash equivalents -

ABC considers all cash and investments purchased with maturities of three months or less to be cash and cash equivalents. Cash equivalents consist of funds that are available for use in current operations. ABC's cash equivalents are placed with major banks and financial institutions. Management continually monitors its positions with, and credit quality of, the financial institutions with which it places its financial instruments. As of December 31, 2019 and 2018, there were \$630,027 and \$3,141,337, respectively, in money market funds held by investment managers. These are included in investments in the Statements of Financial Position.

AMERICAN BIRD CONSERVANCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents (continued) -

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, ABC maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses, dividends and interest, net of investment expenses provided by external investment advisors, are included in interest and investment income in the Statements of Activities and Changes in Net Assets. Donated investments are sold immediately upon receipt, and are reflected as contributions at their sale price.

Contributions and grants receivable -

Contributions and grants receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Management believes all receivables are fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Sub-grantee advances, payables and expense -

Sub-grantee advances consist of amounts provided to partners/sub-grantees to execute project objectives.

Project costs incurred by partners/sub-grantees are recorded in the accompanying financial statements when reported to ABC; accordingly, advances are reduced and expenses are increased. Amounts not reimbursed by ABC (to partners/sub-grantees) as of fiscal year-end are recorded as sub-grants payable and are included in accounts payable and accrued liabilities in the accompanying financial statements.

Furniture and equipment -

Furniture and equipment in excess of \$2,000 are capitalized and stated at cost. Furniture and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

Contributions and grants -

Contributions and grants qualifying under the contribution rules are recognized as revenue upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grant agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied.

AMERICAN BIRD CONSERVANCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Contributions and grants (continued) -

Most grants awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, ABC recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, ABC had approximately \$16,170,356 and \$17,260,345 in unrecognized conditional awards as of December 31, 2019 and 2018, respectively.

Income taxes -

ABC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. ABC is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2019 and 2018, ABC has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of ABC are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

Risks and uncertainties -

ABC invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

AMERICAN BIRD CONSERVANCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Risks and uncertainties (continued) -

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Fair value measurement -

ABC adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. ABC accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncements (not yet adopted) -

FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. During 2020, the FASB delayed the implementation date under ASU 2020-05 for an additional year. Organizations may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019 and for interim periods within annual reporting periods beginning after December 15, 2020. Early adoption is still permitted.

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

ABC plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. INVESTMENTS

Investments consisted of the following as of December 31, 2019 and 2018:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 630,027	\$ 630,027	\$ 3,141,337	\$ 3,141,337
Mutual funds	5,193,602	5,785,597	2,216,107	2,371,185
Corporate bonds	-	-	208,000	207,698
TOTAL INVESTMENTS	<u>\$ 5,823,629</u>	<u>\$ 6,415,624</u>	<u>\$ 5,565,444</u>	<u>\$ 5,720,220</u>

AMERICAN BIRD CONSERVANCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

2. INVESTMENTS (Continued)

Included in interest and investment income (loss) are the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 269,249	\$ 213,039
Unrealized gain (loss) on investments	437,219	(377,965)
Realized gain on sales of investments	-	34,926
Investment expenses	<u>(1,821)</u>	<u>(5,513)</u>
TOTAL INTEREST AND INVESTMENT INCOME (LOSS), NET	<u>\$ 704,647</u>	<u>\$ (135,513)</u>

3. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable are due over the following two years and consisted of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Total current portion of contributions and grants receivable	\$ 9,840,248	\$ 2,770,920
Total noncurrent portion of contributions and grants receivable (due in one to five years)	<u>50,000</u>	<u>100,000</u>
TOTAL CONTRIBUTIONS AND GRANTS RECEIVABLE	<u>\$ 9,890,248</u>	<u>\$ 2,870,920</u>

4. BOARD DESIGNATED NET ASSETS

Board designated funds are to be used for the following purposes:

- *William Belton Grant Fund* – awards small grants to worthy bird conservation projects and researchers in Latin America.
- *Bird Conservation Board Endowment* – a Board designated endowment for large gifts, bequests, and planned gifts coming to ABC without donor restrictions. The principal can be used with Board authorization. Investment income can be used for operations.

Board designated net assets consisted of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
William Belton Grant Fund	\$ 341,241	\$ 326,318
Bird Conservation Board Endowment	<u>10,778,865</u>	<u>4,235,268</u>
TOTAL BOARD DESIGNATED NET ASSETS	<u>\$ 11,120,106</u>	<u>\$ 4,561,586</u>

AMERICAN BIRD CONSERVANCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Bird Conservation Projects	\$ 5,047,276	\$ 4,841,240
Land Endowment Fund - accumulated investment earnings	121,588	44,811
Endowments to be invested in perpetuity:		
Land Endowment Fund	<u>272,500</u>	<u>272,500</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 5,441,364</u>	<u>\$ 5,158,551</u>

6. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions during the years ended December 31, 2019 and 2018 by incurring expenses (or through the passage of time), satisfying the restricted purposes specified by the donors:

	<u>2019</u>	<u>2018</u>
Purpose restrictions satisfied:		
Bird Conservation Projects	\$ 5,322,163	\$ 10,938,361
Education and Outreach	<u>-</u>	<u>30,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 5,322,163</u>	<u>\$ 10,968,361</u>

7. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,826,048	\$ 2,356,198
Investments	6,415,624	5,720,220
Contributions and grants receivable	<u>9,890,248</u>	<u>2,870,920</u>
Subtotal financial assets available within one year	19,131,920	10,947,338
Less: Board-designated funds	(11,120,106)	(4,561,586)
Less: Funds subject to donor-imposed purpose restrictions	(5,168,864)	(4,886,051)
Less: Endowment funds to be invested in perpetuity	<u>(272,500)</u>	<u>(272,500)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 2,570,450</u>	<u>\$ 1,227,201</u>

AMERICAN BIRD CONSERVANCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

7. LIQUIDITY AND AVAILABILITY (Continued)

ABC has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2019 and 2018, ABC has financial assets equal to approximately two months and one month, respectively, of operating expenses. In addition, board-designated funds totaling \$11,120,106 can be drawn upon if the Board of Directors approves such action.

8. RETIREMENT PLAN

ABC provides retirement benefits to its employees through a 403(b) Plan covering all full-time employees with one-year of eligible experience. ABC is not required to make contributions to the Plan. During the years ended December 31, 2019 and 2018, ABC contributed \$97,455 and \$65,047, respectively, to the Plan.

9. LEASE COMMITMENTS

ABC leases the following office spaces:

- The Plains, Virginia: under an agreement for a one-year term that expired August 31, 2015. Subsequent to the lease expiration, the arrangement was modified to a month-to-month basis.
- District of Columbia: under an agreement that expired February 29, 2016. ABC then moved to a new office space located in Washington, D.C. under a sixty-three month lease term that is to expire May 31, 2021. Base payments are \$12,960, with an annual escalation of 3%. Additionally, 50% of the first six months of rental payments were abated.
- Boise, Idaho: under an agreement that expired October 31, 2017 and was not renewed subsequent to this date.
- McAllen, Texas: under a one year lease term that expires September 30, 2020.
- Okemos, Michigan: under a two year lease term that expired July 31, 2020 and has continued on a month-to-month basis. Base rental and utility payments are \$797 per month.
- Blacksburg, Virginia: under a one year lease term that expires November 30, 2020. Base rental payment are \$1,631 per month.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statements of Financial Position.

The following is a schedule of the future minimum lease payments:

Year Ending December 31

2020	\$	201,312
2021		<u>74,246</u>
	\$	<u>275,558</u>

AMERICAN BIRD CONSERVANCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

9. LEASE COMMITMENTS (Continued)

Rent expense during the years ended December 31, 2019 and 2018 totaled \$237,189 and \$229,779, respectively, and is included in occupancy in the accompanying Statements of Functional Expenses.

10. CONTINGENCY

ABC receives grants from various agencies of the U.S. Government. For the years ended December 31, 2019 and 2018, such grants were subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the U.S. Government grants is based upon the allowance of costs reported to and accepted by the U.S. Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2019. Until such audits have been accepted by the U.S. Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

11. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, ABC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market ABC has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of December 31, 2019 and 2018. There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2019 and 2018. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money market funds* - The money market fund is an open-end mutual fund that is registered with the Securities and Exchange Commission and is deemed to be actively traded.

AMERICAN BIRD CONSERVANCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

11. FAIR VALUE MEASUREMENT (Continued)

- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by ABC are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. Mutual funds held by ABC are deemed to be actively traded.
- *Corporate bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes, by level within the fair value hierarchy, ABC's investments as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market funds	\$ 630,027	\$ -	\$ -	\$ 630,027
Mutual funds	5,785,597	-	-	5,785,597
TOTAL	\$ 6,415,624	\$ -	\$ -	\$ 6,415,624

The table below summarizes, by level within the fair value hierarchy, ABC's investments as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money market funds	\$ 3,141,337	\$ -	\$ -	\$ 3,141,337
Mutual funds	2,371,185	-	-	2,371,185
Corporate bonds	-	207,698	-	207,698
TOTAL	\$ 5,512,522	\$ 207,698	\$ -	\$ 5,720,220

12. ENDOWMENTS

ABC's endowments consist of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. ABC has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, ABC considers a fund to be underwater if the fair value of the fund is less than the sum the (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. ABC has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, ABC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

AMERICAN BIRD CONSERVANCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

12. ENDOWMENTS (Continued)

ABC has interpreted UPMIFA as allowing ABC to appropriate for expenditures or accumulate so much of an endowment fund as ABC determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Directors.

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

The Land Protection Endowment is a donor restricted endowment fund. The investment income is used for land protection projects for bird conservation in the United States. The fund was initially established with a conditional gift from a donor, and has grown with additional contributions received from other donors.

During the year ended 2016, ABC received another promise to give from a donor in the amount of \$120,000 over a three-year period, conditional on receipt of matching funds of 50%. ABC fully satisfied this matching requirement during the year ended December 31, 2018.

Endowment net asset composition by type of fund as of December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 10,778,865	\$ -	\$ 10,778,865
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	272,500	272,500
Accumulated investment earnings	<u>-</u>	<u>121,588</u>	<u>121,588</u>
TOTAL FUNDS	<u>\$ 10,778,865</u>	<u>\$ 394,088</u>	<u>\$ 11,172,953</u>

Changes in endowment net assets during the year ended December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,235,268	\$ 317,311	\$ 4,552,579
Investment income, net	592,916	76,777	669,693
Contributions	8,278,969	-	8,278,969
Appropriation of endowment assets for expenditure	<u>(2,328,288)</u>	<u>-</u>	<u>(2,328,288)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 10,778,865</u>	<u>\$ 394,088</u>	<u>\$ 11,172,953</u>

AMERICAN BIRD CONSERVANCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

12. ENDOWMENTS (Continued)

Endowment net asset composition by type of fund as of December 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 4,235,268	\$ -	\$ 4,235,268
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	272,500	272,500
Accumulated investment earnings	<u>-</u>	<u>44,811</u>	<u>44,811</u>
TOTAL FUNDS	<u>\$ 4,235,268</u>	<u>\$ 317,311</u>	<u>\$ 4,552,579</u>

Changes in endowment net assets during the year ended December 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,904,526	\$ 277,745	\$ 3,182,271
Investment loss, net	(41,515)	(20,434)	(61,949)
Contributions	2,259,181	60,000	2,319,181
Appropriation of endowment assets for expenditure	<u>(886,924)</u>	<u>-</u>	<u>(886,924)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 4,235,268</u>	<u>\$ 317,311</u>	<u>\$ 4,552,579</u>

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 UPMIFA requires the organization to retain as fund of perpetual duration. There were no deficiencies as of December 31, 2019 and 2018.

Return Objectives and Risk Parameters -

ABC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in conservative instruments.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, ABC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy -

ABC has a policy of appropriating 100% of the endowment returns toward the purpose as stated in the original award.

AMERICAN BIRD CONSERVANCY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

13. SUBSEQUENT EVENTS

In preparing these financial statements, ABC has evaluated events and transactions for potential recognition or disclosure through September 30, 2020, the date the financial statements were issued.

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact ABC's operations. The overall potential impact is unknown at this time.

In April 2020, ABC entered into a two-year promissory note agreement in the amount of \$1,410,994 with a 1% fixed interest rate under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note, unless otherwise forgiven. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part.

SUPPLEMENTAL INFORMATION

AMERICAN BIRD CONSERVANCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Granting Agency and Program Title	Pass-Through Entity	Pass-Through Identification Number	CFDA Number	Grant Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Interior - U.S. Fish and Wildlife Service:						
Wildlife Restoration and Basic Hunter Education	Tennessee Wildlife Resources Agency	TNWXXXXX	15.611	F18AF00534	\$ 3,743	\$ 3,743
Wildlife Restoration and Basic Hunter Education	Tennessee Wildlife Resources Agency	60854	15.611	F18AF00534	11,750	45,579
Wildlife Restoration and Basic Hunter Education	Tennessee Wildlife Resources Agency	32801-00813	15.611	F18AF00534	-	7,500
Subtotal 15.611					15,493	56,822
Cooperative Endangered Species Conservation Fund	Texas Parks and Wildlife Department	504286	15.615	F17AP01046	13,021	13,021
Subtotal 15.615					13,021	13,021
Oaks and Prairies Joint Ventures	N/A	N/A	15.628	F19AP00104	-	21,491
Subtotal 15.628					-	21,491
Coastal Program	N/A	N/A	15.630	F16AC00824	1,040	15,089
Coastal Program	N/A	N/A	15.630	F18AC00927	8,226	22,191
Coastal Program	N/A	N/A	15.630	F15AC00765	-	798
Coastal Program	N/A	N/A	15.630	F18AC00503	11,675	19,860
Coastal Program	N/A	N/A	15.630	F19AC00788	-	12,016
Subtotal 15.630					20,941	69,954
State Wildlife Grants	Center for Natural Lands Management	WA-S-2019-007-0	15.634	F14AP00801	3,020	3,020

AMERICAN BIRD CONSERVANCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Granting Agency and Program Title	Pass-Through Entity	Pass-Through Identification Number	CFDA Number	Grant Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Interior - U.S. Fish and Wildlife Service (continued):						
State Wildlife Grants	North Dakota Game and Fish Department	635-002-17	15.634	F17AF01012	\$ -	\$ 7,357
Subtotal 15.634					3,020	10,377
Neotropical Migratory Bird Conservation	N/A	N/A	15.635	F17AP00678	52,001	80,954
Neotropical Migratory Bird Conservation	N/A	N/A	15.635	F16AP00452	-	6,610
Neotropical Migratory Bird Conservation	N/A	N/A	15.635	F17AP00674	47,884	68,216
Neotropical Migratory Bird Conservation	N/A	N/A	15.635	F18AP00631	37,000	51,138
Neotropical Migratory Bird Conservation	N/A	N/A	15.635	F19AP00606	25,000	27,819
Neotropical Migratory Bird Conservation	N/A	N/A	15.635	F18AP00624	-	2,500
Neotropical Migratory Bird Conservation	N/A	N/A	15.635	F17AP00659	-	4,000
Subtotal 15.635					161,885	241,237
Migratory Bird Joint Ventures	N/A	N/A	15.637	F17AC00917	-	64,418
Migratory Bird Joint Ventures	N/A	N/A	15.637	F17AC00082	4,721	335,952
Migratory Bird Joint Ventures	N/A	N/A	15.637	F16AC00461	2,729	306,392
Migratory Bird Joint Ventures	N/A	N/A	15.637	F17AC00915	-	35,628
Migratory Bird Joint Ventures	N/A	N/A	15.637	F17AC00943	-	34,786
Migratory Bird Joint Ventures	N/A	N/A	15.637	F18AC00383	-	105,948
Migratory Bird Joint Ventures	N/A	N/A	15.637	F18AC00216	-	183,113

AMERICAN BIRD CONSERVANCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Granting Agency and Program Title	Pass-Through Entity	Pass-Through Identification Number	CFDA Number	Grant Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Interior - U.S. Fish and Wildlife Service (continued):						
Migratory Bird Joint Ventures	N/A	N/A	15.637	F18AC00217	\$ -	\$ 187,227
Migratory Bird Joint Ventures	N/A	N/A	15.637	F19AC00936	-	66,748
Migratory Bird Joint Ventures	N/A	N/A	15.637	F19AC00938	-	70,638
Subtotal 15.637					7,450	1,390,850
Migratory Bird Joint Ventures	N/A	N/A	15.650	F17AC01250	-	13,222
Subtotal 15.650					-	13,222
National Fish and Wildlife Foundation	N/A	N/A	15.663	2004.16.054623	81,689	81,778
National Fish and Wildlife Foundation	N/A	N/A	15.663	0801.17.059316/ F17AP00569	217,639	285,088
National Fish and Wildlife Foundation	N/A	N/A	15.663	0113.19.063493 F18AP00036	-	28,150
National Fish and Wildlife Foundation	N/A	N/A	15.663	1201.18.062818/ F18AP00036	-	1,305
National Fish and Wildlife Foundation	N/A	N/A	15.663	F17AC00121	16,891	30,296
National Fish and Wildlife Foundation	N/A	N/A	15.663	0105.18.061801/ F17AP00569	100,000	100,000
National Fish and Wildlife Foundation	N/A	N/A	15.663	0403.19.066450/ F18AC00707	-	60
Subtotal 15.663					416,219	526,677
Mosquitoes	N/A	N/A	15.670	F19AP00418	-	20,613
Subtotal 15.670					-	20,613

AMERICAN BIRD CONSERVANCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Granting Agency and Program Title	Pass-Through Entity	Pass-Through Identification Number	CFDA Number	Grant Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture - Forest Service:						
National Fish and Wildlife Foundation	N/A	N/A	10.000	55699 / 15-PA-11050700-016	\$ 53,986	\$ 77,989
Subtotal 10.000					53,986	77,989
National Fish and Wildlife Foundation	N/A	N/A	10.683	0113.19.063493/ 18-CA-11132422-180	-	4,853
National Fish and Wildlife Foundation	N/A	N/A	10.683	0103.17.055344/16- CA-11132422-213	3,615	47,840
National Fish and Wildlife Foundation	N/A	N/A	10.683	0403.17.057061	13,894	13,894
National Fish and Wildlife Foundation	N/A	N/A	10.683	0801.17.059316/15- CA-11132422-241	-	219
National Fish and Wildlife Foundation	N/A	N/A	10.683	0801.17.059316/14- CA-11132422-195	-	49,226
National Fish and Wildlife Foundation	N/A	N/A	10.683	6001.18.061144/ 17-CA-11132422-109	95,948	95,948
National Fish and Wildlife Foundation	N/A	N/A	10.683	0801.17.059316/13- CA-11132422-120	-	555
National Fish and Wildlife Foundation	N/A	N/A	10.683	0407.17.058709/17- CA-11132422-109	49,815	49,815
National Fish and Wildlife Foundation	N/A	N/A	10.683	0407.18.062160/ 18-CA-11132422-180	41,340	41,340
Subtotal 10.683					204,612	303,690
International Forestry Programs	N/A	N/A	10.684	19-DG-11132762-024	-	20,734
International Forestry Programs	N/A	N/A	10.684	19-DG-11132762-306	-	40,000
Subtotal 10.684					-	60,734

AMERICAN BIRD CONSERVANCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Granting Agency and Program Title	Pass-Through Entity	Pass-Through Identification Number	CFDA Number	Grant Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture - Forest Service (Continued):						
Partnership Agreements	N/A	N/A	10.699	17-CS-11090500-036 / 17-CS-11090500-037	\$ 4,472	\$ 4,472
Subtotal 10.699					4,472	4,472
Soil and Water Conservation	N/A	N/A	10.902	0103.17.055344 (65-0325-15-017)	-	3,225
Soil and Water Conservation	N/A	N/A	10.902	68-3A75-308/2004.17.058668	-	32,148
Soil and Water Conservation	N/A	N/A	10.902	1907.18.059520/38-7103-17-101	19,097	90,234
Soil and Water Conservation	N/A	N/A	10.902	58699/68-3a75-17-262	-	24,443
Soil and Water Conservation	N/A	N/A	10.902	0501.18.061035/68-5D21-17-122	-	58,009
Soil and Water Conservation	N/A	N/A	10.902	NRCS 68-7442-17-036	-	19,177
Soil and Water Conservation	N/A	N/A	10.902	2004.16.054528/68387516813	-	67,332
Soil and Water Conservation	N/A	N/A	10.902	NR183D47XXXXC012	-	26,580
Soil and Water Conservation	N/A	N/A	10.902	68-9104-17-023	-	37,262
Subtotal 10.902					19,097	358,410
Environmental Quality Incentives Program	N/A	N/A	10.912	0801.17.062144/68-3A75-17-308	-	22,168
Subtotal 10.912					-	22,168

AMERICAN BIRD CONSERVANCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Granting Agency and Program Title	Pass-Through Entity	Pass-Through Identification Number	CFDA Number	Grant Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture - Forest Service (Continued):						
Soil and Water Conservation	N/A	N/A	10.917	NR183D47XXXXC012	\$ -	\$ 26,580
Subtotal 10.917					-	26,580
Central Harwoods	N/A	N/A	10.924	NR184741XXXXC014	16,691	16,691
Subtotal 10.924					16,691	16,691
Regional Conservation Partnership Program	N/A	N/A	10.932	65-6322-15-01	-	108,670
Regional Conservation Partnership Program	N/A	N/A	10.932	68-3D47-15-16	76,400	76,400
Regional Conservation Partnership Program	N/A	N/A	10.932	NR184741XXXXC014	16,691	16,691
Subtotal 10.932					93,091	201,761
U.S. Department of Commerce:						
Coastal Zone Management	Texas General Land Office	18-081-000-A590	11.419	NA17NOS4190139	-	23,295
Subtotal 11.419					-	23,295
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 1,029,978	\$ 3,460,054

AMERICAN BIRD CONSERVANCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of ABC under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of ABC, it is not intended to and does not present the financial position, changes in net assets or cash flows of ABC.

Note 2. Summary of Significant Accounting Policies

Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. ABC has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

AMERICAN BIRD CONSERVANCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting: Unmodified

2). Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

3). Noncompliance material to financial statements noted? Yes No

Federal Awards

4). Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

5). Type of auditor's report issued on compliance for major federal programs: Unmodified

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

7). Identification of major federal programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Total Federal Expenditures</u>
National Fish and Wildlife Foundation	10.683	\$ 303,690
Neotropical Migratory Bird Conservation	15.637	\$ 1,390,850

8). Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

9). Auditee qualified as a low-risk auditee? Yes No

AMERICAN BIRD CONSERVANCY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section II - Financial Statement Findings

There were no reportable findings.

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

There were no reportable findings.



CPAs & ADVISORS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

To the Board of Directors
American Bird Conservancy
The Plains, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the American Bird Conservancy (ABC) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise ABC's basic financial statements, and have issued our report thereon dated September 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ABC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ABC's internal control. Accordingly, we do not express an opinion on the effectiveness of ABC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of ABC's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

4550 MONTGOMERY AVENUE • SUITE 800 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • WWW.GRF CPA.COM

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ABC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

September 30, 2020



CPAs & ADVISORS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

Independent Auditor's Report

To the Board of Directors
American Bird Conservancy
The Plains, Virginia

Report on Compliance for Each Major Federal Program

We have audited the American Bird Conservancy's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of ABC's major federal programs for the year ended December 31, 2019. ABC's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of ABC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ABC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ABC's compliance.

Opinion on Each Major Federal Program

In our opinion, ABC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs during the year ended December 31, 2019.

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Report on Internal Control Over Compliance

Management of ABC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ABC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ABC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



September 30, 2020