Independent Auditors' Reports as Required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Government Auditing Standards* and Related Information

National Audubon Society Inc.

June 30, 2020 and 2019

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the financial statements

We have audited the accompanying consolidated financial statements of National Audubon Society, Inc and subsidiaries ("Audubon"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Audubon's preparation and fair presentation of the consolidated 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 Audubon'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 consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of National Audubon Society, Inc and subsidiaries as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards for the year ended June 30, 2020, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated 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 November 12, 2020, on our consideration of Audubon'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 that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Audubon's internal control over financial reporting and compliance.

Grant Thornton LLP

New York, New York
November 12, 2020

National Audubon Society, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 87,283,353	$ 52,973,757
Other receivables, net	8,603,326	9,807,179
Prepaid expenses and other assets	2,522,258	3,480,048
Pledges receivable, net	24,639,730	25,235,123
Investments	239,312,735	252,674,623
Beneficial interest in charitable trusts	36,537,331	37,342,203
Building and equipment, net	44,455,924	45,906,617
Land	102,124,351	102,086,952
Total assets	$ 545,479,008	$ 529,506,502
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 11,905,954	$ 11,242,186
Deferred rent, tuition and other	5,095,782	6,718,535
Funds held for others	2,889,475	3,413,064
Obligations under charitable trusts	8,102,224	7,972,892
Pension and postretirement benefit liability	2,960,700	5,616,571
Total liabilities	30,954,135	34,963,248
Commitments and contingencies		
NET ASSETS		
Net assets without donor restrictions	247,241,394	214,367,981
Net assets with donor restrictions	267,283,479	280,175,273
Total net assets	514,524,873	494,543,254
Total liabilities and net assets	$ 545,479,008	$ 529,506,502

The accompanying notes are an integral part of these consolidated financial statements.

National Audubon Society, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
Operating activities			
Revenues, gains and other support			
Contributions and grants	$ 62,649,912	$ 27,658,300	$ 90,308,212
Bequests	26,087,479	1,024,055	27,111,534
Earned income	8,041,691	-	8,041,691
Investment earnings on non-pooled funds, net	2,096,606	76,230	2,172,836
Investment earnings on pooled funds - appropriated, net	8,356,160	315,628	8,671,788
Royalties, net and other revenue	24,700,362	-	24,700,362
Net assets released from restrictions	31,630,219	(31,630,219)	-
Total revenues, gains and other support	163,562,429	(2,556,006)	161,006,423
Expenses			
Conservation programs			
Field conservation programs	69,155,166	-	69,155,166
National conservation programs	32,264,392	-	32,264,392
Total program expense	101,419,558	-	101,419,558
Fundraising			
Membership development	6,100,516	-	6,100,516
Other development	12,395,202	-	12,395,202
Total development expense	18,495,718	-	18,495,718
Management and general	6,121,230	-	6,121,230
Total expenses	126,036,506	-	126,036,506
Changes in net assets from operations	37,525,923	(2,556,006)	34,969,917
Non-operating activities			
Gain on sales of land, buildings and equipment	17,175	-	17,175
Investment loss on pooled funds not appropriated, net	(2,881,581)	(9,314,024)	(12,195,605)
Charitable trust additions	-	414,297	414,297
Change in value of charitable trusts	-	(1,436,061)	(1,436,061)
Changes in net assets before pension and postretirement related changes other than net periodic costs	34,661,517	(12,891,794)	21,769,723
Pension and postretirement related changes other than net periodic costs	(1,788,104)	-	(1,788,104)
Changes in net assets	32,873,413	(12,891,794)	19,981,619
Net assets, beginning of year	214,367,981	280,175,273	494,543,254
Net assets, end of year	$ 247,241,394	$ 267,283,479	$ 514,524,873

The accompanying notes are an integral part of this consolidated financial statement.

National Audubon Society, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended June 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
Operating activities			
Revenues, gains and other support			
Contributions and grants	$ 58,963,802	$ 38,035,795	$ 96,999,597
Bequests	14,714,786	5,441,004	20,155,790
Earned income	8,542,703	-	8,542,703
Investment earnings on non-pooled funds, net	2,192,294	1,521	2,193,815
Investment earnings on pooled funds - appropriated, net	8,361,875	285,234	8,647,109
Royalties, net and other revenue	1,864,684	-	1,864,684
Net assets released from restrictions	30,602,371	(30,602,371)	-
Total revenues, gains and other support	125,242,515	13,161,183	138,403,698
Expenses			
Conservation programs			
Field conservation programs	65,176,476	-	65,176,476
National conservation programs	29,744,232	-	29,744,232
Total program expense	94,920,708	-	94,920,708
Fundraising			
Membership development	5,291,947	-	5,291,947
Other development	12,014,961	-	12,014,961
Total development expense	17,306,908	-	17,306,908
Management and general	5,357,103	-	5,357,103
Total expenses	117,584,719	-	117,584,719
Changes in net assets from operations	7,657,796	13,161,183	20,818,979
Non-operating activities			
Gain on sales of land, buildings and equipment	31,200	-	31,200
Investment (loss) gain on pooled funds not appropriated, net	(114,421)	1,055,974	941,553
Charitable trust additions	-	290,110	290,110
Change in value of charitable trusts	-	(4,108,725)	(4,108,725)
Changes in net assets before pension and postretirement related changes other than net periodic costs	7,574,575	10,398,542	17,973,117
Pension and postretirement related changes other than net periodic costs	(3,599,596)	-	(3,599,596)
Changes in net assets	3,974,979	10,398,542	14,373,521
Net assets, beginning of year	210,393,002	269,776,731	480,169,733
Net assets, end of year	$ 214,367,981	$ 280,175,273	$ 494,543,254

The accompanying notes are an integral part of this consolidated financial statement.

National Audubon Society, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020

	Conservation Program Expenses			Fundraising Expenses				
	Field Programs	National Programs	Total Program Expenses	Membership Development	Other Development	Total Development Expenses	Management and General	Total
Salaries	$ 33,328,449	$ 11,953,653	$ 45,282,102	$ 825,211	$ 7,233,664	$ 8,058,875	$ 2,512,032	$ 55,853,009
Payroll taxes and fringe benefits	7,216,806	2,600,080	9,816,886	178,594	1,565,966	1,744,560	543,660	12,105,106
Travel and meetings	1,907,763	988,633	2,896,396	31,127	539,600	570,727	328,914	3,796,037
Postage and mailing	135,201	3,566,095	3,701,296	1,306,980	105,623	1,412,603	10,185	5,124,084
Grants and scholarships	2,506,769	944,685	3,451,454	16,252	41,125	57,377	62,647	3,571,478
Chapter grants and support	43,457	1,175,105	1,218,562	-	-	-	-	1,218,562
Professional services	11,532,441	5,114,839	16,647,280	1,476,298	1,688,063	3,164,361	678,931	20,490,572
Occupancy	2,833,179	344,933	3,178,112	175,257	349,321	524,578	739,282	4,441,972
Telecommunications	571,743	39,254	610,997	12,688	17,471	30,159	79,567	720,723
Maintenance and other rental fees	1,841,051	135,180	1,976,231	24,579	89,876	114,455	94,306	2,184,992
Supplies and equipment	1,922,172	493,122	2,415,294	58,249	104,371	162,620	368,753	2,946,667
Printing, promotion, and magazine	253,457	2,961,168	3,214,625	878,604	133,720	1,012,324	550	4,227,499
Membership fulfillment	1,447	634,866	636,313	421,672	85,490	507,162	-	1,143,475
Service bureaus	743,291	356,278	1,099,569	83,576	223,070	306,646	180,119	1,586,334
Insurance	906,883	56,130	963,013	5,461	25,126	30,587	261,807	1,255,407
Advertising	134,247	30,313	164,560	550,498	50,898	601,396	105	766,061
Subscriptions, dues, fees, and licenses	318,268	555,695	873,963	12,996	80,716	93,712	65,855	1,033,530
Depreciation and amortization	2,833,253	179,886	3,013,139	42,474	46,596	89,070	178,884	3,281,093
Other	125,289	134,477	259,766	-	14,506	14,506	15,633	289,905
Total expenses	$ 69,155,166	$ 32,264,392	$ 101,419,558	$ 6,100,516	$ 12,395,202	$ 18,495,718	$ 6,121,230	$ 126,036,506

The accompanying notes are an integral part of this consolidated financial statement.

National Audubon Society, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2019

	Conservation Program Expenses			Fundraising Expenses				
	Field Programs	National Programs	Total Program Expenses	Membership Development	Other Development	Total Development Expenses	Management and General	Total
Salaries	$ 29,711,456	$ 10,279,018	$ 39,990,474	$ 739,935	$ 6,375,332	$ 7,115,267	$ 1,922,793	$ 49,028,534
Payroll taxes and fringe benefits	6,771,875	2,345,555	9,117,430	168,605	1,452,714	1,621,319	438,137	11,176,886
Travel and meetings	2,485,280	1,059,528	3,544,808	37,451	828,907	866,358	373,677	4,784,843
Postage and mailing	134,970	3,195,635	3,330,605	929,451	136,695	1,066,146	13,071	4,409,822
Grants and scholarships	3,793,837	521,972	4,315,809	2,758	123,695	126,453	27,571	4,469,833
Chapter grants and support	10,445	1,037,801	1,048,246	-	-	-	-	1,048,246
Professional services	9,285,730	5,014,086	14,299,816	1,703,629	1,904,604	3,608,233	700,455	18,608,504
Occupancy	2,704,842	319,860	3,024,702	165,865	281,397	447,262	763,503	4,235,467
Telecommunications	503,736	26,388	530,124	7,973	11,913	19,886	59,336	609,346
Maintenance and other rental fees	2,159,230	135,470	2,294,700	28,390	139,373	167,763	95,536	2,557,999
Supplies and equipment	2,173,497	340,174	2,513,671	51,724	100,300	152,024	321,370	2,987,065
Printing, promotion, and magazine	302,043	3,793,812	4,095,855	978,653	242,064	1,220,717	467	5,317,039
Membership fulfillment	4,854	578,442	583,296	331,818	86,348	418,166	-	1,001,462
Service bureaus	819,477	346,017	1,165,494	74,806	103,383	178,189	179,085	1,522,768
Insurance	837,292	34,025	871,317	4,436	23,049	27,485	239,470	1,138,272
Advertising	232,490	13,030	245,520	4,933	38,021	42,954	-	288,474
Subscriptions, dues, fees, and licenses	333,938	436,942	770,880	7,296	80,521	87,817	23,395	882,092
Depreciation and amortization	2,758,459	187,456	2,945,915	41,702	44,992	86,694	184,769	3,217,378
Other	153,025	79,021	232,046	12,522	41,653	54,175	14,468	300,689
Total expenses	$ 65,176,476	$ 29,744,232	$ 94,920,708	$ 5,291,947	$ 12,014,961	$ 17,306,908	$ 5,357,103	$ 117,584,719

The accompanying notes are an integral part of this consolidated financial statement.

National Audubon Society, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended June 30, 2020

	2020	2019
Cash flows from operating activities:		
Changes in net assets	$ 19,981,619	$ 14,373,521
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	3,281,093	3,217,378
Investments return, net	8,248,201	(5,249,359)
Decrease in beneficial interests in charitable trusts	804,872	4,045,464
Gains on sales of land, buildings and equipment	(17,175)	(31,200)
Change in provision for uncollectible receivables	(463,097)	207,649
Long-term contributions, bequests and additions to charitable trusts	(1,938,871)	(5,731,044)
Change in operating assets and liabilities		
Decrease (increase) in pledges and other receivables	2,262,343	(9,711,768)
Decrease (increase) in prepaid expenses and other assets	957,790	(1,090,377)
Increase in accounts payable, accrued expenses, funds held for others and obligations under charitable trusts	269,511	1,122,597
Decrease in deferred rent, tuition and other	(1,622,753)	(78,317)
(Decrease) increase in pension and postretirement benefit liability	(2,655,871)	2,085,515
Net cash provided by operating activities	29,107,662	3,160,059
Cash flows from investing activities:		
Purchases of investments	(27,421,225)	(58,193,850)
Proceeds from sales of investments	32,534,912	56,724,899
Additions to land, buildings and equipment	(2,296,262)	(5,825,079)
Disposals of land, buildings and equipment	428,463	220,497
Proceeds from sales of land, buildings and equipment	17,175	31,200
Net cash provided by (used in) investing activities	3,263,063	(7,042,333)
Cash flows from financing activities:		
Proceeds from contributions, bequests and charitable trusts restricted for:		
Endowment	1,054,389	4,343,342
Capital projects	470,185	1,097,592
Charitable trust additions	414,297	290,110
Net cash provided by financing activities	1,938,871	5,731,044
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,309,596	1,848,770
Cash and cash equivalents, beginning of the year	52,973,757	51,124,987
Cash and cash equivalents, end of the year	$ 87,283,353	$ 52,973,757

The accompanying notes are an integral part of this consolidated financial statement.

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

National Audubon Society, Inc. was incorporated in 1905. Audubon's mission is to protect birds and the places they need, today and tomorrow.

The consolidated financial statements include National Audubon Society, Inc., National Audubon Society Action Fund, Audubon Society of Coastal Connecticut, Inc., National Audubon Society of Sharon, Inc., Lincoln Audubon Society, and The National Audubon Society of Greenwich, Inc. (collectively, "Audubon").

Audubon is a powerful distributed network of 22 state and regional offices, 34 nature centers, 23 sanctuaries, 452 independent chapters, and international partners throughout the hemisphere. In addition, Audubon is currently in the process of establishing additional chapters at more than 150 college campuses across the United States. Audubon works throughout the Americas using science, advocacy, education, and on-the-ground conservation. State programs, nature centers, chapters, and partners give Audubon an unparalleled wingspan that reaches millions of people each year to inform, inspire, and unite diverse communities in conservation action. A nonprofit conservation organization since 1905, Audubon believes in a world in which people and wildlife thrive.

Audubon maximizes its conservation results by focusing on five strategies critical for birds:

1. ***Coasts***: Audubon and its partners in Latin America build resilient coastlines and to enhance populations of shorebirds, while preserving the breeding, stopover and wintering sites in vital habitats along the coasts of the Americas.

2. ***Working Lands***: Audubon works with landowners, land managers, private industry and government agencies to create bird friendly, sustainable land-management practices on the millions of acres across the hemisphere that are dedicated to agriculture and grazing.

3. ***Water***: Audubon works to ensure that critical wetlands, in peril due to water allocation and quality issues, get the water they need to remain important wintering and migratory stopover habitats and sustain wildlife.

4. ***Climate***: Audubon seeks to create greater demand for change on the climate issue by tapping into people's passion for birds to protect the 389 North American bird species threatened by climate change by caring for the places they need now and in a climate-changed future.

5. ***Bird-Friendly Communities***: Audubon's network operates in America's cities and towns, the places where birds and people intersect the most, to protect and restore bird populations by providing food, shelter, safe passage and places to raise their young.

National Conservation Programs focus and align Audubon's unparalleled network to meet today's unprecedented environmental challenges. National conservation provides strategy, expertise and leadership for Audubon's conservation work and ensures efforts are integrated for maximum effectiveness.

National programs include:

- ***Conservation Leadership*** produces conservation strategies and leadership to address the needs of birds and the habitats they rely on across the Americas. National conservation leadership includes teams dedicated to each of the five strategies critical for birds: Climate, Coasts, Water, Working Lands, and Bird-Friendly Communities. In addition, the conservation leadership oversees Audubon's national policy, science and international teams. These programs are responsible for overseeing and coordinating the advancement of the conservation strategies and priorities, working with state offices, chapters, centers and other partners. Audubon has created an integrated tool to track progress toward our conservation goals for our five strategies.

- ***Network*** increases the capacity, diversity, connectedness and effectiveness of Audubon's network by working with staff in state offices and centers, and our 452 independent chapters to develop tools and programs that advance our shared conservation priorities. The goal is to bring Audubon's conservation mission to life in communities through creative and relevant local action that achieves lasting outcomes and builds durable public support for birds and conservation. Audubon nature centers are one of the principle elements of Audubon's network, reaching 1 million visitors annually.

- ***Science*** engages in research and analysis to support the development of our conservation strategies and build our authority as a science-led thought leader. The Science program establishes common metrics to track progress across initiatives and flyways, including biological response of species, and acres of habitat restored, protected or managed. It conducts citizen science bird monitoring and data collection through the Christmas Bird Count and Great Backyard Bird Count, and the Climate Watch program, to gain a unique view on bird trends across the hemisphere to identify and understand threats like climate change. Science's work was at the center of the Climate Initiative launch, based on an analysis of more than 100 years of observations from our citizen scientists that indicated that more than half of America's bird species are in peril from changing climatic conditions.

- ***Policy*** uses a centrist approach to environmental advocacy that has earned a reputation as a trusted and influential voice. We combine grassroots organizing, advocacy and communication to support large state and multi-state efforts such as: the restoration of large iconic ecosystems, like the Arctic Slope in Alaska, the wetlands of the Everglades, and the Mississippi River Delta; protection of 2,756 Important Bird Areas covering approximately 430 million acres of public and private lands; and safeguarding common sense laws like the Clean Air Act, Clean Water Act, Endangered Species Act and the Neotropical Migratory Bird Conservation Act.

- ***Marketing & Engagement*** builds the size and effectiveness of Audubon's network of supporters and volunteers so that more people take action for birds and the environment. We reach supporters through a variety of channels including *www.audubon.org*, social media, email marketing, and AUDUBON magazine, which reaches approximately 1 million readers. Since April 2015, Audubon has owned and operated a digital app called the Audubon Bird Guide. The guide has been downloaded more than 1 million times, and advances Audubon's mission of educating people about birds.

- ***Hemispheric Strategy*** works through Audubon's office in Colombia and with partner organizations in Latin America to deliver concrete, on the ground actions that address critical threats to Audubon's priority bird species. Audubon provides science, technical expertise, policy support and capacity development tools to build effective conservation programs to reverse declines in bird populations, protect habitat and engage local communities. In addition to Colombia, Audubon works in the Bahamas, Belize, Chile, Mexico, and Panama.

- ***Equity, Diversity and Inclusion*** is a core value and strategic imperative for Audubon. Achieving our conservation goals requires authentic representation of all the communities we work in to build a brighter future for birds. Audubon's diversity and inclusion efforts will broaden our network of supporters and increase our staff diversity, inspiring more people to work to conserve more habitats. Audubon is dedicated to providing a work environment that prioritizes fairness and respect, and a workplace free of any kind of discrimination based on race, color, religion, sex, age, sexual orientation, gender identity and expression, disability, national or ethnic origin, politics or veteran status.

National Audubon Society Action Fund ("Audubon Action Fund") was established in July 2018 to build public demand for policy solutions that address the greatest conservation challenges for birds and people. It was organized under Section 501(c)(4) of the U.S. Internal Revenue Code ("IRC"), and receives support from individuals and other contributors (see Note 13). Audubon Action Fund works to amplify the work of Audubon, aiming to build bipartisan support for common-sense solutions to address today's greatest conservation threats.

Field Conservation Programs operate Audubon's 22 regional and state offices and combine local policy, science and on the ground conservation efforts to advance Audubon's mission. The field conservation programs also connect the work of Audubon chapters, nature centers, volunteers, partners, and other supporters along each of the four migratory flyways. Through this work, Audubon weaves a seamless web to achieve full lifecycle conservation for both migratory and non-migratory species. Integrated, shared flyway conservation goals enhance our impact, and coordinated resources and expertise increases efficiency across the network.

Fundraising relates to activities in raising contributions, grants and planned-giving gifts for Audubon. Development expenses include fundraising staff efforts associated with raising contributed income to fund operations and capital projects. During the years ended June 30, 2020 and 2019, Audubon incurred joint costs of approximately $10,644,000 and $10,584,000, respectively, for informational material and activities that included development appeals. Of those costs, approximately $3,218,000 and $2,790,000 were allocated to fundraising and approximately $7,426,000 and $7,794,000 were allocated to programs for the years ended June 30, 2020 and 2019, respectively.

Management and general are those expenses that are not allocated to a program or fundraising activity and include certain activities of the President's Office, as well as support areas such as Finance, Human Resources, Information Services, and the Office of the General Counsel.

Organizational Structure and Consolidation

The consolidated financial statements include the accounts of Audubon Action Fund. All intercompany accounts and transactions have been eliminated. In the fiscal years ended June 30, 2020 and 2019, Audubon Action Fund reported $173,336 and $1,602,325 of revenue, stated respectively (see Note 13).

The consolidated financial statements also include the accounts of Audubon's wholly owned subsidiaries: Audubon Society of Coastal Connecticut, Inc., National Audubon Society of Sharon, Inc., Lincoln Audubon Society, and The National Audubon Society of Greenwich, Inc. (collectively, the "Subsidiaries"). The Subsidiaries hold land for the benefit and use of Audubon, and conduct no other business. The Subsidiaries had no revenue or expense for the fiscal years ended June 30, 2020 and 2019.

Chapters

Audubon has 452 independent chapters throughout the United States. The consolidated financial statements do not include the assets, liabilities, net assets, revenues and expenses of Audubon's chapters since such chapters are independent organizations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF ACCOUNTING

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Audubon's resources are classified and reported based upon the existence or absence of donor-imposed restrictions, as follows:

> ***Without Donor Restrictions*** - net assets that are not subject to donor-imposed restrictions and, therefore, are available to meet Audubon's objectives. Net assets without donor restrictions may also be designated for specific purposes by the Audubon's Board of Directors (Note 3) or otherwise limited by contractual agreements with outside parties.
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> ***With Donor Restrictions*** - net assets that are subject to donor-imposed restrictions that either expire with the passage of time or, can be fulfilled and removed by the actions of Audubon pursuant to those restrictions, or which may be perpetual (Note 3).

Cash and Cash Equivalents

Audubon considers all cash not intended for investment purposes and all non-pooled investments purchased with original maturities of 90 days or less to be cash equivalents.

Investments

The estimated fair value of investments is based on quoted market prices, except for certain investments, principally limited partnerships and similar interests, for which quoted market prices are not available. The estimated fair value of limited partnerships and similar investments is based on valuations provided by external investment managers as of the measurement date. Because alternative investments are not readily marketable, their estimated fair value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the reported amounts in the consolidated financial statements.

Audubon manages its investments on a total return basis and has established budgeted spending limits for specific endowment funds of 2.0%, 3.5% or 4.5% of the average of the rolling five calendar year-end market values, subject to limitations where applicable under donor restrictions or regulatory requirements.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets include inventories of retail store merchandise of approximately $389,000 and $302,000 as of June 30, 2020 and 2019, respectively, which are valued at the lower of cost or market, on a first-in, first-out basis.

Charitable Trust Agreements

Audubon is the beneficiary of charitable trust agreements under varying terms and conditions. Audubon's interest in charitable remainder trusts, charitable remainder unitrusts, and other charitable trusts held by third-party trustees is reported at present value reflecting the fair value of the amounts Audubon expects to receive using discount rates ranging from 1.20% to 11.20% for both fiscal years 2020 and 2019.

The discount rates used to value the charitable gift annuity agreements and the pooled-life income fund ranged from 1.20% to 10.60% for both fiscal years 2020 and 2019.

Buildings and Equipment

In 1978, Audubon adopted the policy of capitalizing, depreciating and amortizing buildings and equipment. Because historical costs were not available for buildings and artworks, other basis were used to establish the initial carrying values of such property. Property tax appraisals adjusted to market and insurance appraisals were used to value buildings, and appraised net current retail values were used for the art collection. Assets acquired subsequent to July 1, 1978 have been recorded at cost. Depreciation of buildings and equipment is provided over the estimated useful lives of the assets on a straight-line basis.

Leasehold improvements are amortized over the lesser of the related useful life of the asset or the lease term. Artwork is not depreciated. Audubon capitalizes property with a cost of $5,000 or more and a useful life of greater than one year. Average estimated useful lives are as follows:

	Estimated Useful lives
Buildings and building improvements	10 - 40 years
Equipment	3 - 10 years
Land improvements	10 - 40 years
Leasehold improvements	5 - 40 years

Land

Land consists of approximately 114,769 acres on which some of Audubon's nature centers, state offices, and sanctuaries are located. Land is valued at cost when purchased or, if donated, at fair value on the date of donation.

Contributions and Grants

During the year ended June 30, 2020, Audubon adopted Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and made, including guidance to help an entity evaluate whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determine whether a contribution is conditional.

For contributions, revenue is recognized when a contribution becomes unconditional, that is, when the conditions on which they depend are substantially met. Grants are evaluated as to whether they qualify as exchange transactions or contributions. If a contract or grant agreement contains a right of return or right of release from the respective obligation provision on the part of the grantor, and the agreement also contains a barrier to be overcome, Audubon recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome.

Audubon reports gifts of cash and other assets as an increase in net assets with donor restrictions if they are received with donor stipulations limiting the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. As permitted by U.S. GAAP, gifts and grants with donor restrictions, received and utilized in the same year, are reflected in the consolidated statements of activities as net assets without donor restrictions. Bequests are recognized as revenue once the probate process is complete and amounts are determined to be uncontested.

Gifts of long-lived assets and gifts of cash or other assets that must be used to acquire long-lived assets are reported as an increase in net assets with donor restrictions and are released once placed in service.

Earned Income

Earned income includes advertising revenue, tuition and admission revenue, retail sales and program revenue. Revenue is recorded when earned under the terms of the related agreements.

Royalties, net and other revenue

Royalties, net and other revenue includes settlement revenue of approximately $23 million and $107,000 as of June 30, 2020 and 2019, respectively, and other revenue. In the year ended June 30, 2020, Audubon was the charitable beneficiary in the settlement of a consumer class action against the manufacturer of tainted bird seed, and received approximately $23 million as part of that settlement.

Receivables

Receivables are recorded at net realizable value (using credit adjusted discount rates for receivables expected to be collected in more than one year). Receivables are stated net of an allowance for uncollectible amounts of approximately $1,158,000 and $1,624,000 as of June 30, 2020 and 2019, respectively. Such estimated allowances are based on management's assessment of the credit worthiness of its donors, the aged basis of the receivables, and historical information. Receivables are written-off in the period they are deemed uncollectible and payments subsequently received are recorded as income in the period received.

Other receivables include grant receivables and receivables due from other organizations.

Funds Held for Others

As of June 30, 2020 and 2019, funds held for others included approximately $2,889,000 and $3,413,000, respectively, in agency funds held for other organizations and independent Audubon chapters. Such amounts are included in investments and funds held for others in the accompanying consolidated statements of financial position.

Fair Value Measurements

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") Topic 820, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities, subject to the standard, measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no observable pricing. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Audubon's perceived risk of that instrument. As permitted by ASU 2015-07, Audubon has excluded investments that are measured at fair value using the net asset value ("NAV") per share, as a practical expedient, from the fair value hierarchy.

In determining fair value, Audubon utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Income Taxes

National Audubon Society, Inc. is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC. Audubon Action Fund is organized under IRC section 501(c)(4).

Audubon follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

Audubon has calculated an income tax provision that is immaterial for consolidated financial statement purposes. Audubon has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Audubon has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating Measure

Operating revenues and expenses reflect the activities in which Audubon typically engages to fulfill its mission. Audubon utilizes a spending rate in making its annual investment allocation for support of operations. Investment return, including net realized and unrealized gains and losses, earned in excess of or less than Audubon's spending rate is recognized within non-operating activities. Charitable trust contributions, the change in value of charitable trusts, pension-related expenses other than net periodic pension costs and other transactions that are non-recurring and unusual in nature are recorded below the operating indicator on the accompanying consolidated statements of activities.

Allocation of Functional Expenses

The costs associated with conducting Audubon's programs and activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on occupancy, headcount or estimated time spent.

Concentrations

Cash, cash equivalents, and investments are exposed to interest rate, market, and credit risks. Audubon maintains its cash and cash equivalents in various bank deposit accounts that may exceed federally insured limits at times. To minimize risk, Audubon places its cash accounts with high credit quality financial institutions. Audubon does not anticipate any losses in such accounts.

Investment concentrations are disclosed in Note 5 to the accompanying consolidated financial statements.

Subsequent Events

Audubon has evaluated, for potential recognition and disclosure, events subsequent to the consolidated statement of financial position date of June 30, 2020 through November 12, 2020, the date the consolidated financial statements were available to be issued. Audubon is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements.

New Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (*Topic 842*), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset.

In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which deferred the effective dates of ASU 2014-09 and ASU 2016-02. The guidance permits eligible entities to defer the adoption of Topic 606 until the period beginning after December 15, 2019 (i.e., Audubon's fiscal year 2021) and Topic 842 until the period beginning after December 15, 2021 (i.e., Audubon's fiscal year 2023) Audubon has elected to defer the implementation of Topic 606 and Topic 842 and is currently evaluating the new guidance and has not determined the impact this standard may have on the consolidated financial statements nor decided upon the method of adoption.

NOTE 3 - NET ASSETS

The New York Prudent Management of Institutional Funds Act (“NYPMIFA”) was enacted in 2010. Audubon has interpreted NYPMIFA as requiring the preservation of the original gift, as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Audubon classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in required to be held in perpetuity is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Audubon in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of Audubon and the donor-restricted endowment fund;
- General economic conditions;
- The possible effects of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of Audubon;
- The investment policies of Audubon; and
- Where appropriate, alternatives to spending from donor-restricted endowment funds and the possible effects on Audubon.

Audubon’s endowment investment policy is based on a study of its assets and liabilities. The risk tolerance of the portfolio is directly related to Audubon’s overall finances and its restricted and endowment funds. Investments are allocated across capital markets beginning with a careful review of the world capital market allocation and are adjusted to reflect Audubon’s unique circumstances with a controlled opportunistic overlay. The portfolio’s investment strategy combines both passive and active investment solutions, the selection of which is governed by rules elaborated in Audubon’s Statement of Investment Policy. Audubon 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).

Annual spending from the endowment funds is described in Note 2.

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 NYPMIFA requires Audubon to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature, if they occurred, are reported in net assets with donor restrictions. As of June 30, 2020 and 2019, there were no donor-endowment funds whose fair value was below the original gift amount.

Changes in endowment net assets, excluding permanently restricted land of approximately $10,295,000 for the years ended June 30, 2020 and 2019, were as follows:

	2020		
	Without donor restriction	With donor restriction	Total
Endowment net assets, beginning of year	$ 34,908,103	$ 157,654,096	$ 192,562,199
Investment activity:			
Investment return, net	(1,027,665)	(2,348,424)	(3,376,089)
Total investment activity	(1,027,665)	(2,348,424)	(3,376,089)
Amounts appropriated for expenditure	(1,135,066)	(4,665,888)	(5,800,954)
Contributions to endowments	-	230,694	230,694
Bequests	-	973,695	973,695
Additional amounts appropriated	(2,932,562)	-	(2,932,562)
Endowment net assets, end of year	$ 29,812,810	$ 151,844,173	$ 181,656,983

	2019		
	Without donor restriction	With donor restriction	Total
Endowment net assets, beginning of year	$ 35,726,311	$ 156,838,247	$ 192,564,558
Investment activity:			
Investment return, net	1,566,992	5,027,980	6,594,972
Change in value of charitable trusts	-	(3,855,735)	(3,855,735)
Total investment activity	1,566,992	1,172,245	2,739,237
Amounts appropriated for expenditure	(1,666,956)	(4,524,611)	(6,191,567)
Contributions to endowments	107,770	199,213	306,983
Bequests	-	4,913,316	4,913,316
Additional amounts appropriated	(826,014)	(944,314)	(1,770,328)
Endowment net assets, end of year	$ 34,908,103	$ 157,654,096	$ 192,562,199

Endowment net assets of $181,656,983 and $192,562,199 as of June 30, 2020 and 2019, respectively, are included within the investments and beneficial interest in charitable trusts in the accompanying consolidated statements of financial position.

Net assets with donor restriction as of June 30, 2020 and 2019 are available as shown below:

	2020	2019
Net assets with donor restriction		
Purpose restrictions		
Field conservation programs	$ 224,905,278	$ 235,762,329
National conservation programs	16,808,781	16,622,782
Time restrictions	25,569,420	27,790,162
Total net assets with donor restriction	$ 267,283,479	$ 280,175,273

NOTE 4 - RECEIVABLES

Receivables consist of the following as of June 30, 2020 and 2019:

	2020	2019
Unconditional pledges receivable		
Less than one year	$ 18,752,390	$ 17,513,852
One year to five years	6,389,130	8,465,500
After five years	219,012	428,700
	25,360,532	26,408,052
Less: Allowance for uncollectible pledges	(720,802)	(1,172,929)
Total pledges receivable, net	24,639,730	25,235,123
Other receivables (net of allowance of $437,426 and $491,530 at June 30, 2020 and 2019, respectively)	8,603,326	9,807,179
	$ 33,243,056	$ 35,042,302

Audubon received new conditional pledges of approximately $1,667,000 and $1,580,000 during the years ended June 30, 2020 and 2019, respectively. Audubon has recorded revenue of approximately $1,256,000 and $330,000 for the years ended June 30, 2020 and 2019, respectively, the extent to which the conditions on the pledges have been met. As of June 30, 2020 and 2019, Audubon had conditional pledges outstanding of approximately $1,936,000 and $4,859,000, respectively. Pledge payments due over the ensuing one to two years are conditional based on progress and reporting satisfactory to the donor.

NOTE 5 - INVESTMENTS

Audubon's investments consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Cash and cash equivalents	$ 35,895,491	$ 16,927,359
Equities	65,340,512	86,755,879
Fixed income	47,629,934	48,304,369
Real assets and commodities	8,076,454	11,116,089
Equities - international	36,385,795	45,401,596
Equities - emerging markets	8,134,318	8,564,314
Common trust funds	8,808,534	9,644,449
Fixed income - long/short	11,302,281	12,606,611
Fixed income - private	6,364,571	5,901,011
Real assets - private	3,357,577	2,024,343
Private equity	8,017,268	5,428,603
	$ 239,312,735	$ 252,674,623

As of June 30, 2020, concentrations of Audubon's investments in excess of 10% of the fair value of its portfolio included approximately 15% invested in the MFB Nthn Instl FDS Govt Select Portfolio, 14% in MFO Baird FDS Inc Aggregate BD FD Instl Cl SHS, and 13% in SPDR S&P 500 Fossil Fuel Rsrv Free ETF. As of June 30, 2019, concentrations of Audubon's investments in excess of 10% of the fair value of its portfolio included approximately 16% invested in the SPDR S&P 500 Fossil Fuel Rsrv Free ETF and 13% in the Baird Aggregate Bond Institutional Fund.

Investments are subject to market volatility that could change their carrying values substantially in the near term.

Assets and liabilities measured at fair value at June 30, 2020 and 2019 are classified in the tables below in one of the three levels as follows:

	2020		
	Level 1	Level 3	Total
Assets carried at fair value			
Investments			
Equities	$ 65,340,512	$ -	$ 65,340,512
Fixed income	47,629,934	-	47,629,934
Real assets and commodities	8,076,454	-	8,076,454
Equities - International	22,609,616	-	22,609,616
Equities - Emerging Markets	84,740	-	84,740
	143,741,256	-	143,741,256
Cash and cash equivalents	-	-	35,895,491
Investments measured at NAV	-	-	59,675,988
Total investments	-	-	239,312,735
Beneficial interest in charitable trusts	-	36,537,331	36,537,331
Total assets carried at fair value	$ 143,741,256	$ 36,537,331	$ 275,850,066
Liabilities carried at fair value			
Obligations under charitable trusts	$ -	$ 8,102,224	$ 8,102,224
Total liabilities carried at fair value	$ -	$ 8,102,224	$ 8,102,224

	2019		
	Level 1	Level 3	Total
Assets carried at fair value			
Investments			
Equities	$ 86,755,879	$ -	$ 86,755,879
Fixed income	48,304,369	-	48,304,369
Real assets and commodities	11,116,089	-	11,116,089
Equities - International	30,025,213	-	30,025,213
Equities - Emerging Markets	75,294	-	75,294
	176,276,844	-	176,276,844
Cash and cash equivalents	-	-	16,927,359
Investments measured at NAV	-	-	59,470,420
Total investments	-	-	252,674,623
Beneficial interest in charitable trusts	-	37,342,203	37,342,203
Total assets carried at fair value	$ 176,276,844	$ 37,342,203	$ 290,016,826
Liabilities carried at fair value			
Obligations under charitable trusts	$ -	$ 7,972,892	$ 7,972,892
Total liabilities carried at fair value	$ -	$ 7,972,892	$ 7,972,892

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Equities, Fixed Income, Real Assets and Commodities, International, and Emerging Markets

Valued at the closing price reported on the active market on which the individual securities are traded at year end.

The following tables list investments valued at NAV as of June 30, 2020 and 2019:

2020							
Name/Type	Strategy	Number of funds	NAV of funds	Remaining life	$ Amount of unfunded commitments	Redemption terms	Redemption restrictions
Equities - Emerging Markets	Seeks to maximize total return.	1	$ 8,049,578	N/A	N/A	10 business days notice.	N/A
Equities - International	Seeks to achieve long-term growth primarily by investing in a diversified portfolio of equity securities of companies located in any country other than the U.S. Fund will invest primarily in established international markets; but may invest a portion in emerging markets.	1	13,776,179	N/A	N/A	Redemptions are permitted on a monthly basis as of the first business day of each month with seven (7) days notice.	Redemptions ordinarily must equal or exceed $1,000,000. Notice and minimum redemption requirements may be waived.
Fixed Income - Long/Short	Seeks to exploit structural and technical inefficiencies in the market, especially in the short- end of the yield curve, and to enhance returns through the use of hedging, modest leverage and select longer-term return investments.	1	4,992,035	N/A	N/A	Redemptions are available as of the last business day of the calendar quarter following the expiration of the applicable lock-up with 120 days notice.	Redemptions will be permitted after an investor's first two (2) years of investment.
Fixed Income - Long/Short	Seeks capital appreciation and current income by investing in financial instruments that are perceived to be inefficiently priced as a result of business, financial, or legal uncertainties.	1	5,188,255	N/A	N/A	Quarterly with 60 days notice	May redeem no more than 25% of the of the aggregate NAV of such shareholder's shares.
Private Equity	Venture capital and private equity	8	6,714,052	1-2, 8-12, 14 years	$ 7,039,403	Illiquid	Not permitted to withdraw.
Fixed Income - Long/Short	Seeks to achieve superior risk-adjusted returns through opportunistic investments across the credit spectrum.	1	1,120,299	N/A	N/A	Semi-annually with 90 days notice.	N/A
Fixed Income - Long/Short	Seeks to achieve attractive risk adjusted returns by investing in, on margin or otherwise, a diversified portfolio of public and private securities, primarily involving high yield fixed income securities, syndicated leveraged loans ("bank debt"),. credit derivatives, equities, and options.	1	1,692	N/A	N/A	Illiquid	Fund is winding down and cash proceeds are to be returned to shareholders over time by way of compulsory redemption.
Fixed Income - Private	Seeks to generate current income and capital appreciation by investing primarily in senior secured and one stop loans of U.S. middle-market companies.	1	2,742,125	0 years	-	Illiquid	Not permitted to withdraw.
Fixed Income - Private	Aims to build a portfolio of direct loans, using conservative leverage, and earn a return premium from an initial public offering, sale, or other liquidity events in four to six years.	1	163,680	6 years	2,820,000	Illiquid	Not permitted to withdraw.
Fixed Income - Private	Seeks to provide investors with attractive long-term results through investing principally in: (i) performing, sub-performing, re-performing or non-performing loans and other private credit assets; (ii) structured products, securitizations and other asset-backed securities backed by assets of any type; (iii) residential and commercial real estate; and (iv) investments in public or private equity securities, equity linked securities and/or debt instruments of companies and other entities.	1	3,458,766	5-7 years	670,630	Illiquid	Not permitted to withdraw.
Fixed Income - Private	Targets a combination of top-down investment themes, as well as idiosyncratic, company-specific opportunities that yield attractive risk-adjusted returns across the capital structure. Approximately 70% of the ortfolio is expected to be invested in debt securities.	1	1,303,216	9 years	2,292,768	Illiquid	Not permitted to withdraw.
Common trust funds	The objectives of the funds are to approximate the performance of various indices such as the S&P 500 Index, Russel 2000 Index, MSCI EAFE Index and S&P MidCap 400 Index.	11	8,808,534	N/A	N/A	Daily/Monthly	N/A
Real Assets - Private	Seeks to achieve its target returns by proactively sourcing and acquiring assets at attractive prices, implementing asset repositioning, development, and cash-flow optimization programs, and exiting primarily through sales to buyers seeking stabilized properties.	1	2,037,048	6-8 years	1,316,867	Illiquid	Not permitted to withdraw.
Real Assets - Private	Seeks to acquire high-quality assets at a discount and add value through operational improvements. The Fund's target allocation is 50% U.S. investments and 50% non-U.S. investments and can include both large scale portfolios of properties as well as individual properties.	1	1,269,857	9 years	2,181,213	Illiquid	Not permitted to withdraw.
Real Assets - Private	Aims to acquire land with high conservation significance, typically streams and wetlands that have been degraded in some way and need substantial work to restore. The fund restores properties acording to top environmental standards and protects them permanently through perpetual conservation easements and deed restrictions.	1	50,672	12 years	1,099,200	Illiquid	Not permitted to withdraw.
		32	$ 59,675,988		$ 17,420,081		

For the year ended June 30, 2020, Audubon had further committed to $5.8 million in investments, but there were no requirements to fund any capital calls on those investments at that date. All other unfunded commitments are disclosed in the table above.

National Audubon Society, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

2019							
Name/Type	Strategy	Number of funds	NAV of funds	Remaining life	$ Amount of unfunded commitments	Redemption terms	Redemption restrictions
Equities - Emerging Markets	Seeks to maximize total return.	1	$ 8,489,020	N/A	N/A	10 business days notice.	N/A
Equities - International	Seeks to achieve long-term growth primarily by investing in a diversified portfolio of equity securities of companies located in any country other than the U.S. Fund will invest primarily in established international markets; but may invest a portion in emerging markets.	1	15,376,383	N/A	N/A	Redemptions are permitted on a monthly basis as of the first business day of each month with seven (7) days notice.	Redemptions ordinarily must equal or exceed $1,000,000. Notice and minimum redemption requirements may be waived.
Fixed Income - Long/Short	Seeks to exploit structural and technical inefficiencies in the market, especially in the short- end of the yield curve, and to enhance returns through the use of hedging, modest leverage and select longer-term return investments.	1	5,388,039	N/A	N/A	Redemptions are available as of the last business day of the calendar quarter following the expiration of the applicable lock-up with 120 days notice.	Redemptions will be permitted after an investor's first two (2) years of investment.
Fixed Income - Long/Short	Seeks capital appreciation and current income by investing in financial instruments that are perceived to be inefficiently priced as a result of business, financial, or legal uncertainties.	1	6,007,908	N/A	N/A	Quarterly with 60 days notice	May redeem no more than 25% of the of the aggregate NAV of such shareholder's shares.
Private Equity	Venture capital and private equity	8	5,428,603	10-13, 12, 15 years	$ 9,002,271	Illiquid	Not permitted to withdraw.
Fixed Income - Long/Short	Seeks to achieve superior risk-adjusted returns through opportunistic investments across the credit spectrum.	1	1,170,914	N/A	N/A	Semi-annually with 90 days notice.	N/A
Fixed Income - Long/Short	Seeks to achieve attractive risk adjusted returns by investing in, on margin or otherwise, a diversified portfolio of public and private securities, primarily involving high yield fixed income securities, syndicated leveraged loans ("bank debt"),. credit derivatives, equities, and options.	1	39,750	N/A	N/A	Illiquid	Fund is winding down and cash proceeds are to be returned to shareholders over time by way of compulsory redemption.
Fixed Income - Private	Seeks to generate current income and capital appreciation by investing primarily in senior secured and one stop loans of U.S. middle-market companies.	1	2,823,739	2 years	150,000	Illiquid	Not permitted to withdraw.
Fixed Income - Private	Seeks to provide investors with attractive long-term results through investing principally in: (i) performing, sub-performing, re-performing or non-performing loans and other private credit assets; (ii) structured products, securitizations and other asset-backed securities backed by assets of any type; (iii) residential and commercial real estate; and (iv) investments in public or private equity securities, equity linked securities and/or debt instruments of companies and other entities.	1	2,367,398	6-8 years	1,308,996	Illiquid	Not permitted to withdraw.
Fixed Income - Private	Targets a combination of top-down investment themes, as well as idiosyncratic, company-specific opportunities that yield attractive risk-adjusted returns across the capital structure. Approximately 70% of the ortfolio is expected to be invested in debt securities.	2	709,874	10 years	3,206,132	Illiquid	Not permitted to withdraw.
Common trust funds	The objectives of the funds are to approximate the performance of various indices such as the S&P 500 Index, Russel 2000 Index, MSCI EAFE Index and S&P MidCap 400 Index.	10	9,644,449	N/A	N/A	Daily/Monthly	N/A
Real Assets - Private	Seeks to achieve its target returns by proactively sourcing and acquiring assets at attractive prices, implementing asset repositioning, development, and cash-flow optimization programs, and exiting primarily through sales to buyers seeking stabilized properties.	1	1,329,318	7-9 years	1,931,848	Illiquid	Not permitted to withdraw.
Real Assets - Private	Seeks to acquire high-quality assets at a discount and add value through operational improvements. The Fund's target allocation is 50% U.S. investments and 50% non-U.S. investments and can include both large scale portfolios of properties as well as individual properties.	1	695,025	10 years	2,716,232	Illiquid	Not permitted to withdraw.
		30	$ 59,470,420		$ 18,315,479		

NOTE 6 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consisted of the following at June 30, 2020 and 2019:

	2020	2019
Buildings and building improvements	$ 48,523,521	$ 48,040,812
Equipment	12,608,912	12,456,561
Leasehold improvements	23,221,382	23,082,846
Construction in progress (see Note 9)	6,332,456	5,693,861
Artwork	425,753	425,753
	91,112,024	89,699,833
Less: Accumulated depreciation and amortization	(46,656,100)	(43,793,216)
Buildings and equipment, net	$ 44,455,924	$ 45,906,617
Land	$ 102,124,351	$ 102,086,952

Included in net assets with donor restrictions is land to be held in perpetuity of approximately $10,295,000 as of both June 30, 2020 and 2019 (see Note 3). Included in net assets without donor restrictions is land of approximately $91,829,000 and $91,792,000 as of June 30, 2020 and 2019, respectively. A significant portion of the land included in net assets without donor restrictions is subject to legally binding contractual restrictions on use and/or disposition. Land purchased or donated to Audubon during the years ended June 30, 2020 and 2019 totaled approximately $37,000 and $177,000, respectively.

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions during the years ended June 30, 2020 and 2019 in satisfaction of donor time and use restrictions as follows:

	2020	2019
Program restrictions		
Field conservation programs	$ 28,530,816	$ 29,263,294
National conservation programs	3,099,403	1,339,077
	$ 31,630,219	$ 30,602,371

NOTE 8 - IN-KIND CONTRIBUTIONS

Audubon receives in-kind contributions in the form of donated goods and land which are recorded at their estimated fair value at the date of receipt. A number of volunteers donate substantial amounts of time to Audubon's program services. Donated services are evaluated to determine if they meet the criteria for recognition in the consolidated financial statements. The value of such in-kind contributions, that met the criteria for recognition, was approximately $124,349 and $184,793 for the years ended June 30, 2020 and 2019, respectively, and is reflected in the accompanying consolidated financial statements as contribution revenue and applicable functional expenses or capitalized assets, as appropriate.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Audubon entered into a twenty-year lease agreement for its national headquarters in New York. The lease commenced September 1, 2007 and was amended on November 1, 2007. Rental payments commenced May 1, 2008 and call for approximately the following commitments for years subsequent to June 30, 2020:

	Base rent	Operating expenses	Total
2021	$ 1,310,000	$ 531,000	$ 1,841,000
2022	1,310,000	586,000	1,896,000
2023	1,377,000	643,000	2,020,000
2024	1,425,000	703,000	2,128,000
2025	1,425,000	767,000	2,192,000
Thereafter	3,445,000	2,121,000	5,566,000
	$ 10,292,000	$ 5,351,000	$ 15,643,000

As of June 30, 2020 and 2019, Audubon substituted a standby letter of credit in the amount of $273,211 in lieu of a security deposit for its office lease. As required by Audubon's bank, a certificate of deposit with a balance of $274,057 and $273,648 as of June 30, 2020 and 2019, respectively, is included in prepaid expenses and other assets in the accompanying consolidated statements of financial position and secures this letter of credit.

Audubon occupies other office space under long-term lease agreements with varying expiration dates through the year ended June 30, 2026. Future minimum annual rental commitments under operating leases are approximately as follows for years subsequent to June 30, 2020:

2021	$ 1,285,000
2022	977,000
2023	299,000
2024	73,000
2025	34,000
Thereafter	4,000
	$ 2,672,000

Rent credits and charges are accounted for on a straight-line basis over the life of the lease. Included in deferred rent, tuition, and other on the accompanying consolidated statements of financial position as of June 30, 2020 and 2019 is a liability of approximately $4,170,000 and $4,424,000, respectively, related to the tenant improvement credit and deferred rent under the straight-line method of accounting.

The minimum rental payments are subject to adjustments based on increases in real estate taxes, insurance and other operating expenses. Total rent expense for the years ended June 30, 2020 and 2019 amounted to approximately $3,434,000 and $3,218,000, respectively.

During the year ended June 30, 2012, Audubon began leasing personal computers on three-year leases. The future three-year total commitments were approximately $289,856 and $380,238 as of June 30, 2020 and 2019, respectively. Audubon has also entered into arrangements with multiple suppliers for office equipment such as copiers and postage meters. These leases have terms that range from 1 to 7 years with total lease costs of less than $85,000 annually.

Audubon is in the process of developing and improving several nature centers, which are in various stages of completion. As of June 30, 2020 and 2019, Audubon had remaining commitments on construction and related agreements amounting to approximately $1,319,000 and $4,388,000, respectively.

Audubon is invested in several limited partnerships under which Audubon is committed to make capital contributions in future periods totaling approximately $23,220,080 and $18,315,000 as of June 30, 2020 and 2019, respectively.

Audubon is a defendant in various lawsuits. Audubon is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on Audubon's financial position, changes in net assets or cash flows.

Audubon receives significant federal grants which are subject to audit by federal agencies. Audubon is of the opinion that disallowances, if any, would not have a significant effect on Audubon's financial position, changes in net assets or cash flows.

NOTE 10 - PENSION AND OTHER RETIREMENT BENEFIT PLANS

Cash Balance Pension Plan

Effective January 1, 1998, Audubon changed its noncontributory, defined benefit trustee administered retirement plan (the "Prior Plan"), to a hybrid Cash Balance Pension Plan. All employees who were vested at the time of the change will receive the greater of the "Prior Plan" benefit or the cash balance benefit upon termination or retirement.

The Cash Balance Pension Plan (the "Cash Balance Plan") is a defined benefit pension plan covering substantially all employees of Audubon who were employed prior to June 30, 2010. Individuals who met the applicable age and service requirements while they were Audubon employees are entitled to vested pension benefits under the Cash Balance Plan. All employees hired before October 1, 2004 are always 100% vested in their benefits. Employees hired on or after October 1, 2004 become fully vested after completing three years of service with Audubon. Participants who were active as of January 1, 2000 and who had 5 years of service at December 31, 1997 were grandfathered and receive a benefit based on a final average pay formula. Plan participants at January 1, 1998 who were not grandfathered had an opening balance established based on their accrued benefit at December 31, 1997. For the period between December 31, 1997 and June 30, 2010, the participant account was credited with an amount equal to 3% (4% for the 2000 plan year) of the participant's eligible earnings. In addition, interest is credited each year using the applicable interest rate, determined each January 1, based on short-term interest rates in effect at the end of the prior year. Benefits generally are available to employees upon retirement. The plan was frozen effective June 30, 2010. After that date, no new participants were accepted into the plan. Compensation paid after June 30, 2010, is disregarded, but participants continue to accrue interest credits.

In December 2018, Audubon offered its former employees who have not yet reached retirement age either an early annuity or a lump-sum payout. No participant selected an early annuity; 82 opted for lump-sum payouts. The total payouts exceeded the sum of the plan's service cost and interest cost, resulting in a settlement charge.

In April 2020, Audubon entered into a single premium group annuity contract with Principal Life Insurance Company (the "Insurer"), whereby Audubon transferred 108 retiree annuities to the Insurer for approximately $14.6 million. The Insurer commenced issuing payments on July 1, 2020. The retiree annuity purchase and total lump-sum payouts during the fiscal year exceeded the sum of the plan's service cost and interest cost, resulting in a settlement charge.

The effect of the settlements are reflected in the tables below and has been included in the change to net assets without donor restrictions.

403(b) Plan

In addition to the Cash Balance Plan, Audubon maintains a defined contribution retirement plan under Section 403(b) of the IRC, in which all employees, as defined, are eligible to participate. Participants may make voluntary contributions, subject to plan limitations. Effective July 1, 2010, Audubon changed its contribution to provide all eligible employees with a 4% contribution of eligible compensation subject to plan limitations and an additional matching contribution up to another 4% of eligible compensation subject to plan limitations. Effective January 1, 2014, the vesting rules for employee contributions, both nonelective and matching, changed from being immediately vested to a three-year graded schedule. For the years ended June 30, 2020 and 2019, Audubon contributed approximately $3,382,000 and $2,885,000, respectively, to this retirement plan.

457(b) Plan

Audubon maintains a deferred compensation plan to provide certain employees with the benefit of additional tax-deferred retirement savings opportunities. The annual 457(b) deferral limitation for calendar years 2020 and 2019 was $19,500 and $19,000, respectively. This plan is entirely funded by employee salary deferrals. Plan assets and liabilities pertaining to the 457(b) plan, which are immaterial to the accompanying consolidated financial statements, have not been recognized.

Retiree Medical and Life Plan

Audubon also maintains an unfunded group medical and life insurance plan. The medical plan is the primary provider of benefits up to age 65; after the age of 65, Medicare becomes the primary provider. In connection with this change, a new prior service credit base of $1,448,781 was established at June 30, 2010 to account for the decrease in benefit obligation due to this plan change. The recognition of the prior service credit will be spread over the average remaining years of service of the participants remaining in the plan. Employees who separated from service after February 1, 2007 are no longer eligible for retiree life insurance coverage.

In January 2020, the plan was amended to limit eligibility to full-time employees who by December 31, 2020 are: (1) at least 60 years of age; (2) have attained 10 years of service; and (3) are enrolled in Audubon's medical coverage at the time of their retirement. Thereafter, the retiree medical plan will be closed to new participants.

The effect of the plan amendment is reflected in the table below and has been included in the change to net assets without donor restrictions.

The following table sets forth the plan's funded status and benefit obligation at June 30, 2020 and 2019:

	2020		2019	
	Cash balance plan	Retiree medical and life plan	Cash balance plan	Retiree medical and life plan
Change in benefit obligation				
Benefit obligation-beginning of year	$ 29,533,062	$ 1,548,261	$ 30,811,828	$ 1,321,631
Service cost	-	123,122	-	118,181
Interest cost	912,540	39,095	1,134,165	49,992
Participant contributions and retiree drug subsidy	-	67,806	-	67,806
Amendments	-	(1,193,335)	-	-
Actuarial (gain)/loss	2,274,150	(261,058)	2,804,793	70,596
Benefits paid and expenses	(1,455,978)	(79,945)	(1,427,906)	(79,945)
Settlements	(14,827,928)	-	(3,789,818)	-
Benefit obligation - end of year	16,435,846	243,946	29,533,062	1,548,261
Change in plan assets				
Fair value of plan assets - beginning of year	25,464,752	-	28,602,403	-
Actual return	2,480,562	-	508,289	-
Employer contributions	3,000,000	12,139	1,000,000	12,139
Participant contributions and retiree drug subsidy	-	67,806	-	67,806
Benefits paid	(1,455,978)	(79,945)	(1,427,906)	(79,945)
Settlements	(15,770,244)	-	(3,218,034)	-
Fair value of plan assets - end of year	13,719,092	-	25,464,752	-
Funded status	$ (2,716,754)	$ (243,946)	$ (4,068,310)	$ (1,548,261)
Accumulated benefit obligation	$ 16,435,846	$ 243,946	$ 29,533,062	$ 1,548,261

Amounts recognized as a liability in the accompanying consolidated statements of financial position consisted of the following as of June 30, 2020 and 2019:

	2020		
	Cash balance plan	Retiree medical and life plan	Total
Pension and postretirement benefit liability	$ 2,716,754	$ 243,946	$ 2,960,700

	2019		
	Cash balance plan	Retiree medical and life plan	Total
Pension and postretirement benefit liability	$ 4,068,310	$ 1,548,261	$ 5,616,571

The following table provides the components of net periodic benefit cost for the plans for the years ended June 30, 2020 and 2019:

	2020		2019	
	Cash balance plan	Retiree medical and life plan	Cash balance plan	Retiree medical and life plan
Service cost	$ 228,860	$ 123,122	$ 298,669	$ 118,181
Interest cost	912,540	39,095	1,134,165	49,992
Expected return on plan assets	(1,693,956)	-	(1,798,659)	-
Amortization of prior service credit	-	(196,225)	-	(196,225)
Amortization of net loss/(gain)	467,249	(119,185)	-	(108,065)
Net periodic benefit cost (credit)	$ (85,307)	$ (153,193)	$ (365,825)	$ (136,117)

The components of the unfunded liability as of June 30, 2020 and 2019 but not yet reflected in net periodic benefit cost consisted of the following:

	2020		2019	
	Cash balance plan	Retiree medical and life plan	Cash balance plan	Retiree medical and life plan
Prior service credit	$ -	$ 2,143,062	$ -	$ 1,145,952
Accumulated (loss)/gain	(3,376,550)	1,470,739	(4,883,043)	1,102,237
Amounts recognized in net assets without donor restrictions	(3,376,550)	3,613,801	(4,883,043)	2,248,189
Cumulative employer contributions in excess of net periodic benefit cost	659,796	(3,857,747)	814,733	(3,796,450)
Net amount recognized in the statement of financial position	$ (2,716,754)	$ (243,946)	$ (4,068,310)	$ (1,548,261)

For the years ended June 30, 2020 and 2019, Audubon recognized pension and postretirement related changes other than net periodic benefit (costs) of $(1,788,104) and $(3,599,596), respectively. Such amounts represent the change in the amounts reflected in net assets without donor restrictions for the years ended June 30, 2020 and 2019 and consist of $(1,733,751) and $(3,224,710) for the Cash Balance Plan, respectively, and $(54,353) and $(374,886) for the Retiree Medical and Life plan, respectively.

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor restrictions for the years ended June 30, 2020 and 2019 are as follows:

	2020		2019	
	Cash balance plan	Retiree medical and life plan	Cash balance plan	Retiree medical and life plan
Net gain arising during period	$ 1,258,684	$ (261,057)	$ 3,796,494	$ 70,596
Amortization of prior service credit	-	315,410	-	304,290
Amortization of actuarial loss	(467,249)	-	-	-
Effect of settlement	(2,297,928)	-	(1,104,115)	-
Change in net assets without donor restrictions	$ (1,506,493)	$ 54,353	$ 2,692,379	$ 374,886
Total recognized in net periodic benefit cost and net assets without donor restrictions	$ (1,591,800)	$ (98,840)	$ 2,326,554	$ 238,769

The estimated actuarial loss for the Cash Balance Pension Plan that will be amortized from the net asset without donor restrictions balance into net periodic benefit cost over the next fiscal year is $422,674, and there is no amortization pursuant to a prior service cost or credit. The estimated actuarial gain and prior service credit for the Retiree Medical and Life Plan that will be amortized from the net asset without donor restrictions balance into net periodic benefit cost over the next fiscal year are $(1,928,460) and $(196,225), respectively.

The weighted-average assumptions used to determine benefit obligations as of June 30, 2020 and 2019 consisted of the following:

	2020		2019	
	Cash balance plan	Retiree medical and life plan	Cash balance plan	Retiree medical and life plan
Discount rate	2.38%	0.85%	3.20%	3.03%
Rate of compensation increase	N/A	N/A	N/A	N/A

The weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30, 2020 and 2019 consisted of the following:

	2020		2019	
	Cash balance plan	Retiree medical and life plan	Cash balance plan	Retiree medical and life plan
Discount rate	3.20%	3.03%	3.99%	3.87%
Expected return on plan assets	4.10%	N/A	6.70%	N/A
Medical cost trend rate	N/A	7.50%	N/A	7.50%

The assumed health care cost trend rate at June 30, 2020 and 2019 consisted of the following:

	2020		2019	
	Cash balance plan	Retiree medical and life plan	Cash balance plan	Retiree medical and life plan
Health care cost trend rate assumed for next year	N/A	7.50%	N/A	7.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	4.50%	N/A	4.50%
Year that the rate reaches the ultimate trend rate	N/A	2031	N/A	2031

Audubon expects to contribute approximately $2,000,000 to its Cash Balance Plan and $48,457 to its Retiree Medical and Life Plan during the year ended June 30, 2021.

Future benefit payments are expected to be as follows:

Fiscal year ending June 30,	Cash balance plan	Retiree medical and life plan
2021	$ 747,000	$ 48,000
2022	611,000	48,000
2023	638,000	54,000
2024	657,000	40,000
2025	777,000	27,000
2026 to 2030	4,050,000	50,000
Total	$ 7,480,000	$ 267,000

The weighted-average asset allocation of the Cash Balance Plan as of June 30, 2020 and 2019 consisted of the following:

	2020	2019
Cash and cash equivalents	21.57%	1.97%
Equities	9.76	43.42
Fixed income	52.29	12.36
Equities - International	0.00	28.01
Equities - Emerging Markets	0.00	4.35
Equities - Long/Short	0.00	0.00
Fixed income - Long/Short	16.38	9.89
	100.00%	100.00%

The Cash Balance Plan's expected rate of return on plan assets is determined by the plan assets' historical long-term investment performance, current asset allocations and estimates of future long-term returns by asset class.

The composition of the Cash Balance Plan's assets is intended to provide a long-term annualized investment return that will provide for future benefit payments. Volatility is reduced by asset class diversification. The target asset mix is periodically reviewed based on future expectations and performance and rebalanced as deemed necessary.

The fair value hierarchy defines three levels, as further described in Note 2. Cash Balance Plan assets measured at fair value at June 30, 2020 and 2019 are classified within the fair value hierarchy in the tables as follows:

	2020			
	Level 1	Level 2	Level 3	Total
Investments				
Equities	$ 1,309,480	$ -	$ -	$ 1,309,480
Fixed income	7,017,314	-	-	7,017,314
	8,326,794	-	-	8,326,794
Cash and cash equivalents	-	-	-	2,894,137
Investments measured at NAV	-	-	-	2,198,805
Total assets carried at fair value less refund receivable	$ 8,326,794	$ -	$ -	13,419,736
Refund Receivable				299,356
Total assets carried at fair value				$ 13,719,092

	2019			
	Level 1	Level 2	Level 3	Total
Investments				
Equities	$ 11,055,797	$ -	$ -	$ 11,055,797
Fixed income	3,147,678	-	-	3,147,678
Equities - International	7,133,084	-	-	7,133,084
	21,336,559	-	-	21,336,559
Cash and cash equivalents	-	-	-	501,390
Investments measured at NAV	-	-	-	3,626,803
Total assets carried at fair value	$ 21,336,559	$ -	$ -	$ 25,464,752

The following table lists Audubon's Cash Balance Plan investments by major category, which are valued at NAV as of June 30, 2020 and 2019:

2020

Type	Strategy	Number of funds	NAV of funds	Remaining life	$ Amount of unfunded commitments	Redemption terms	Redemption restrictions
Fixed Income Helge Funds	Seeks to exploit structural and technical inefficiencies in the market, especially in the short-end of the yield curve, and to enhance returns through the use of hedging, modest leverage and select longer-term return investments.	1	$ 1,068,336	N/A	N/A	Redemptions are available as of the last business day of the calendar quarter following the expiration of the applicable lock-up period by giving 120 days notice.	Redemptions will be permitted after an investor's first two (2) years of investment.
Fixed Income Helge Funds	Seeks capital appreciation and current income by investing in financial instruments that are perceived to be inefficiently priced as a result of business, financial, or legal uncertainties.	1	1,130,469	N/A	N/A	Quarterly with 60 days notice	May redeem no more than 25% of the aggregate NAV of such shareholder's shares.
		2	$ 2,198,805				

2019

Type	Strategy	Number of funds	NAV of funds	Remaining life	$ Amount of unfunded commitments	Redemption terms	Redemption restrictions
Equities - Emerging Markets	Seeks to maximize total return.	1	$ 1,108,409	N/A	N/A	Redemptions can be made on Thursday (or first day NYSE is open if closed on a Thursday) with 10 business days notice.	N/A
Fixed Income Helge Funds	Seeks to exploit structural and technical inefficiencies in the market, especially in the short-end of the yield curve, and to enhance returns through the use of hedging, modest leverage and select longer-term return investments.	1	1,183,206	N/A	N/A	Redemptions are available as of the last business day of the calendar quarter following the expiration of the applicable lock-up period by giving 120 days notice.	Redemptions will be permitted after an investor's first two (2) years of investment.
Fixed Income Helge Funds	Seeks capital appreciation and current income by investing in financial instruments that are perceived to be inefficiently priced as a result of business, financial, or legal uncertainties.	1	1,335,188	N/A	N/A	Quarterly with 60 days notice	May redeem no more than 25% of the aggregate NAV of such shareholder's shares.
		3	$ 3,626,803				

NOTE 11 - CHARITABLE TRUST AGREEMENTS

Beneficial interests in charitable trusts consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Held by third-party trustees	$ 36,537,331	$ 37,342,203
Held by Audubon as trustee		
Charitable gift annuities	$ 10,912,439	$ 11,958,304
Pooled income fund	1,225,528	1,354,439
	$ 12,137,967	$ 13,312,743

Most assets held by third-party trustees are invested in diversified portfolios.

Audubon has a 25% beneficial interest in a trust held at a community foundation, which maintains variance power over its related trusts. In accordance with U.S. GAAP, this amount totaling $3.7 million is not included in the accompanying consolidated statements as of June 30, 2020 and 2019.

Assets held by Audubon as trustee are invested in diversified portfolios and are included within Audubon's investment portfolio as further described in Note 5 to the accompanying consolidated financial statements. The assets held by Audubon as trustee include additional amounts set aside by Audubon for state-mandated insurance reserves, which are maintained at the required level.

As trustee of certain trusts, Audubon has an obligation to make periodic payments to beneficiaries. Obligations under charitable trusts amounted to approximately $8,102,000 and $7,973,000 as of June 30, 2020 and 2019, respectively.

Beneficial interest in charitable trusts and obligations under charitable trusts held by third-party trustees are designated as Level 3. The changes in assets and liabilities measured at fair value for which Audubon has used Level 3 inputs to determine fair value was as follows for the years ended June 30, 2019 and 2018. Separate of the below-denoted activity beneficial interest in charitable trusts, held by Audubon as the trustee generated investment (loss)/gain, are net of $(346,000) and $358,000 for the years ended June 30, 2020, and 2019, respectively. Further, the obligation under charitable trusts demonstrated below applies to both the asset basis held by third parties and Audubon.

	Beneficial interest in Charitable Trusts	Obligation under Charitable Trusts
Balance at June 30, 2018	$ 41,387,667	$ 7,841,691
New agreements	-	735,862
Payments to annuitants	-	(812,523)
Trust distributions	(276,821)	-
Change in fair value of trust assets	(3,924,875)	-
Change in value due to actuarial valuations	156,232	207,862
Balance at June 30, 2019	37,342,203	7,972,892
New agreements	-	991,907
Payments to annuitants	-	(800,422)
Trust distributions	(3,071)	-
Change in fair value of trust assets	(992,649)	-
Change in value due to actuarial valuations	190,848	(62,153)
Balance at June 30, 2020	$ 36,537,331	$ 8,102,224

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Audubon receives significant contributions from donors without restrictions, as well as grants and contributions that are restricted for major programs that are ongoing and central to its operations. These funds are generally available to meet cash needs for general expenditures. For the years ended June 30, 2020 and 2019, Audubon generated positive cash flow from operations of $29.1 million and $3.2 million, respectively.

Audubon regularly monitors liquidity required to meet its operating needs and other commitments, while using daily automatic sweeps to maximize the investment of available funds. Audubon has various sources of liquidity, including cash and cash equivalents, and marketable debt and equity securities, and maintains core banking relationships should the need arise for lines of credit.

Audubon operates with a balanced operating budget, and ensures funds from contributions or grants are available for any capital needs prior to committing to the work. Audubon strives to maintain liquid assets sufficient to cover 90 days of general expenditures. Further, Audubon maintains sufficient endowments and reserves to provide reasonable assurance that long-term commitments will continue to be met. As a baseline measurement, Audubon targets net assets without donor restrictions (less property, plant and equipment, without donor restrictions) of at one-half of its annual operating budget.

The following table represents financial assets available within one year for general expenditure at June 30, 2020:

	2020	2019
Cash and cash equivalents	$ 87,283,353	$ 52,973,757
Other receivables, net	8,603,326	9,807,179
Pledges receivable, net	24,639,730	25,235,123
Investments	239,312,735	252,674,623
	359,839,144	340,690,682
Less		
Net assets with donor restrictions, except for beneficial interest in charitable trust and land with donor restrictions	220,451,148	232,538,070
Total financial assets available for general expenditure within one year	$ 139,387,996	$ 108,152,612

Included within the total financial assets available for general expenditure within one year of $139.4 million and $108.2 million is board-designated net assets of which $29.8 million and $34.9 million require board approval to be applied against general expenditures for the years ended June 30 2020 and 2019, stated respecitvely.

NOTE 13 - NATIONAL AUDUBON SOCIETY ACTION FUND

Included in the accompanying consolidated statements of financial position as of June 30, 2020 and June 30, 2019 and accompanying consolidated statements of activities for the years then ended are the following amounts pertaining to Audubon Action Fund.

	2020	2019
ASSETS		
Cash and cash equivalents	$ 501,246	$ 769,076
Pledges receivable, net	484,232	709,422
Total assets	$ 985,478	$ 1,478,498
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 26,928	$ 9,329
Intercompany payable	81,305	226,384
Total liabilities	108,233	235,713
NET ASSETS		
Net assets without donor restrictions	314,534	33,363
Net assets with donor restrictions	562,711	1,209,422
Total net assets	877,245	1,242,785
Total liabilities and net assets	$ 985,478	$ 1,478,498

	2020		
	Without donor restriction	With donor restriction	Total
Revenues			
Contributions and grants	$ 148,525	$ 24,811	$ 173,336
Net assets released from restriction	671,522	(671,522)	-
Total revenue	820,047	(646,711)	173,336
Expenses			
Conservation programs:			
Field conservation programs	63,304	-	63,304
National conservation programs	432,286	-	432,286
Total program expense	495,590	-	495,590
Fundraising			
Other development	32,464	-	32,464
Total development expense	32,464	-	32,464
Management and general	10,822	-	10,822
Total expenses	538,876	-	538,876
Changes in net assets from operations	281,171	(646,711)	(365,540)
Net assets, beginning of year	33,363	1,209,422	1,242,785
Net assets, end of year	$ 314,534	$ 562,711	$ 877,245

	2019		
	Without donor restriction	With donor restriction	Total
Revenues			
Contributions and grants	$ 94,607	$ 1,507,718	$ 1,602,325
Net assets released from restriction	298,296	(298,296)	-
Total revenue	392,903	1,209,422	1,602,325
Expenses			
Conservation programs:			
Field conservation programs	235,433	-	235,433
National conservation programs	78,966	-	78,966
Total program expense	314,399	-	314,399
Fundraising			
Other development	10,139	-	10,139
Total development expense	10,139	-	10,139
Management and general	35,002	-	35,002
Total expenses	359,540	-	359,540
Changes in net assets from operations	33,363	1,209,422	1,242,785
Net assets, beginning of year	-	-	-
Net assets, end of year	$ 33,363	$ 1,209,422	$ 1,242,785

UNIFORM GUIDANCE SUPPLEMENTARY INFORMATION

National Audubon Society Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2020

Direct Awards: Federal Grantor/Program Title	Pass-Through Grantor	Sub-contract Agreement#	Federal Assistance Listing #	Total Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Agriculture:					
Bird Point Data Analysis	N/A - Direct Award	N/A - Direct Award	10.U01	$ 24,739	$ -
Cooperative Forestry Assistance	N/A - Direct Award	N/A - Direct Award	10.664	22,994	-
Cooperative Forestry Assistance	Arizona Dept of Forestry & Fire Management	IPG 18-702	10.664	10,000	-
Cooperative Forestry Assistance	Arkansas Forestry Commission	N/A	10.664	6,975	-
Cooperative Forestry Assistance	Cold Hollow to Canada	N/A	10.664	9,420	-
Cooperative Forestry Assistance	NFWF	6001.18.059539	10.664	16,397	-
Cooperative Forestry Assistance	The Longleaf Alliance, Inc.	SC-2019-106	10.664	499	-
Cooperative Forestry Assistance	The Longleaf Alliance, Inc.	SC 19-104	10.664	315	-
Subtotal Federal Assistance Listing # 10.664				66,600	-
National Fish and Wildlife Foundation	NFWF	0405.18.061180	10.683	46,117	-
International Forestry Programs	N/A - Direct Award	N/A - Direct Award	10.684	26,031	-
Soil and Water Conservation	N/A - Direct Award	N/A - Direct Award	10.902	34,128	875
Soil and Water Conservation	NFWF	2004.18.062803	10.902	28,968	-
Soil and Water Conservation	NFWF	2004.18.062948	10.902	16,666	-
Soil and Water Conservation	NFWF	2004.18.062395	10.902	17,900	-
Soil and Water Conservation	NFWF	1903.18.059821	10.902	17,355	2,334
Soil and Water Conservation	NFWF	1903.19.064408	10.902	4,415	-
Soil and Water Conservation	Pheasants Forever	ACR 2019-01	10.902	3,544	-
Soil and Water Conservation	The Forest Stewards Guild	N/A	10.902	1,408	-
Soil and Water Conservation	The Longleaf Alliance, Inc.	SC-2019-106	10.902	1,803	-
Soil and Water Conservation	The Longleaf Alliance, Inc.	SC 19-104	10.902	1,140	-
Subtotal Federal Assistance Listing # 10.902				127,327	3,209
Watershed Protection and Flood Prevention	Pixley Irrigation District	N/A	10.904	20,687	-
Environmental Quality Incentives Program	N/A - Direct Award	N/A - Direct Award	10.912	567,167	1,225
Environmental Quality Incentives Program	American Rivers, Inc.	SE17NRC334F	10.912	3,234	-
Environmental Quality Incentives Program	NFWF	2004.18.062803	10.912	30,886	-
Environmental Quality Incentives Program	NFWF	2004.18.062948	10.912	17,769	-
Environmental Quality Incentives Program	NFWF	2004.18.062395	10.912	19,085	-
Environmental Quality Incentives Program	NFWF	1903.19.064408	10.912	1,576	-
Environmental Quality Incentives Program	Pheasants Forever	ACR 2019-01	10.912	3,778	-
Environmental Quality Incentives Program	The Longleaf Alliance, Inc.	SC-2019-106	10.912	325	-
Environmental Quality Incentives Program	The Longleaf Alliance, Inc.	SC 19-104	10.912	205	-
Subtotal Federal Assistance Listing # 10.912				644,025	1,225

The accompanying notes to the schedule of expenditures of federal awards should be read in conjunction with this schedule.

National Audubon Society Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2020

Direct Awards: Federal Grantor/Program Title	Pass-Through Grantor	Sub-contract Agreement#	Federal Assistance Listing #	Total Federal Expenditures	Amounts Provided to Subrecipients
Conservation Stewardship Program	N/A - Direct Award	N/A - Direct Award	10.924	$ 42,521	$ -
Conservation Stewardship Program	NFWF	2501.17.058972	10.924	101,526	-
Conservation Stewardship Program	NFWF	2004.18.062803	10.924	36,035	-
Conservation Stewardship Program	NFWF	2004.18.062948	10.924	20,732	-
Conservation Stewardship Program	NFWF	2004.18.062395	10.924	22,267	-
Conservation Stewardship Program	NFWF	1903.19.064408	10.924	1,839	-
Conservation Stewardship Program	Pheasants Forever	ACR 2019-01	10.924	4,408	-
Conservation Stewardship Program	The Longleaf Alliance, Inc.	SC-2019-106	10.924	379	-
Conservation Stewardship Program	The Longleaf Alliance, Inc.	SC 19-104	10.924	239	-
Subtotal Federal Assistance Listing # 10.924				229,946	-
Agricultural Conservation Easement Program	N/A - Direct Award	N/A - Direct Award	10.931	14,724	-
Regional Conservation Partnership Program	N/A - Direct Award	N/A - Direct Award	10.932	10,878	-
Regional Conservation Partnership Program	Ducks Unlimited	US-WY-0122-0002	10.932	1,364	-
Regional Conservation Partnership Program	The Last Green Valley, Inc.	N/A	10.932	3,200	-
Regional Conservation Partnership Program	Wildlife Management Institute	NRCS RCPP 2016-7	10.932	1,068	-
Subtotal Federal Assistance Listing # 10.932				16,510	-
Total U.S. Department of Agriculture				**$ 1,216,706**	**$ 4,434**
U.S. Department of Commerce:					
Coastal Zone Management Administration Awards	Illinois Department of Natural Resources	20-N19-10.7	11.419	23,370	-
Coastal Zone Management Administration Awards	Indiana Dept of Natural Resources	36761	11.419	12,577	-
Subtotal Federal Assistance Listing # 11.419				35,947	-
Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology	Mississippi State University	015900.320562.06	11.451	67,013	-
Chesapeake Bay Studies	N/A - Direct Award	N/A - Direct Award	11.457	131,877	-
Habitat Conservation	Great Lakes Commission	GLC-3619	11.463	8,047	-
Habitat Conservation	NFWF	3002.15.049712	11.463	28,265	19,018
Subtotal Federal Assistance Listing # 11.463				36,312	19,018
Office for Coastal Management	NFWF	0318.18.062359	11.473	137,635	67,979
Office for Coastal Management	NFWF	0318.19.066288	11.473	3,658	-
Office for Coastal Management	NFWF	0318.19.065928	11.473	31,754	-
Subtotal Federal Assistance Listing # 11.473				173,047	67,979
Marine Debris Program	N/A - Direct Award	N/A - Direct Award	11.999	32,772	1,500
Total U.S. Department of Commerce				**$ 476,968**	**$ 88,497**

The accompanying notes to the schedule of expenditures of federal awards should be read in conjunction with this schedule.

National Audubon Society Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the year ended June 30, 2020

Direct Awards: Federal Grantor/Program Title	Pass-Through Grantor	Sub-contract Agreement#	Federal Assistance Listing #	Total Federal Expenditures	Amounts Provided to Subrecipients
Research and Development Cluster:					
U.S. Department of Defense:					
U.S. Army Corps of Engineers:					
Florida Bay Monitoring	N/A - Direct Award	N/A - Direct Award	12.U01	$ 374,622	$ -
Corps GP	N/A - Direct Award	N/A - Direct Award	12.U02	5,646	-
Corps GP II	N/A - Direct Award	N/A - Direct Award	12.U03	30,103	-
Lake Isabella Willow Flycatcher Restoration	NFWF	1998-0107-000	12.U04	119,800	-
Basic, Applied, and Advanced Research in Science and Engineering	N/A - Direct Award	N/A - Direct Award	12.630	73,219	-
Total U.S. Department of Defense				**$ 603,390**	**$ -**
Total Research and Development Cluster:				**$ 603,390**	**$ -**
U.S. Department of Interior:					
National Wildlife Refuge	N/A - Direct Award	N/A - Direct Award	15.U01	75,000	-
Land and Water Stewardship - Great Salt Lake	N/A - Direct Award	N/A - Direct Award	15.U02	27,093	-
Fish and Willdlife Service	N/A - Direct Award	N/A - Direct Award	15.U03	137,444	
International Boundary and Water Commission	University of Arizona	PO: 574843; NLID: 55472	15.U04	21,256	-
Plant Conservation and Restoration Management	N/A - Direct Award	N/A - Direct Award	15.245	19,009	-
Wildlifre Resoruce Management	N/A - Direct Award	N/A - Direct Award	15.247	140,470	-
GoMESA	Mississippi Dept of Marine Resources	N/A	15.435	76,834	-
Fish and Wildlife Coordination Act	NFWF	2504.18.063338	15.517	146,794	-
Cooperative Watershed Management	N/A - Direct Award	N/A - Direct Award	15.554	42,299	-
Wildlife Restoration and Basic Hunter Education	Texas Parks and Wildlife Department	532135	15.611	1,284	-
Wildlife Restoration and Basic Hunter Education	VT Dept of Fish & Wildlife	06120FY19534	15.611	10,423	-
Wildlife Restoration and Basic Hunter Education	VT Dept of Fish & Wildlife	06120FY19547	15.611	7,207	-
Wildlife Restoration and Basic Hunter Education	VT Dept of Fish & Wildlife	0601FY20561	15.611	16,605	-
Subtotal Federal Assistance Listing # 15.611				35,519	-
North American Wetlands Conservation Fund	N/A - Direct Award	N/A - Direct Award	15.623	566,274	526,100
Coastal programs	Delmarva Resource Conservation & Development Council	N/A	15.630	36,000	-
Coastal programs	N/A - Direct Award	N/A - Direct Award	15.630	61,156	9,480
Subtotal Federal Assistance Listing # 15.630				97,156	9,480
Partners for Fish and Wildlife	N/A - Direct Award	N/A - Direct Award	15.631	23,005	7,704
State Wildlife Grants	Alaska Dept of Fish and Game	19-116	15.634	21,259	-
State Wildlife Grants	Indiana Dept of Natural Resources	25743	15.634	101,464	-
State Wildlife Grants	Louisiana Dept of Wildlife and Fisheries	N/A	15.634	5,925	-
State Wildlife Grants	MS Dept of Wildlife, Fisheries & Parks	N/A	15.634	15,371	11,846
Subtotal Federal Assistance Listing # 15.634				$ 144,019	$ 11,846

The accompanying notes to the schedule of expenditures of federal awards should be read in conjunction with this schedule.

National Audubon Society Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the year ended June 30, 2020

Direct Awards: Federal Grantor/Program Title	Pass-Through Grantor	Sub-contract Agreement#	Federal Assistance Listing #	Total Federal Expenditures	Amounts Provided to Subrecipients
Neotropical Migratory Bird Conservation	N/A - Direct Award	N/A - Direct Award	15.635	$ 291,877	$ 102,203
Migratory Bird Joint Ventures	N/A - Direct Award	N/A - Direct Award	15.637	86,557	-
Central Valley Project Improvement Act (CVPIA)	Southern Sierra Research Station	N/A	15.648	4,820	-
National Wildlife Refuge System Enhancements	N/A - Direct Award	N/A - Direct Award	15.654	53,186	-
Endangered Species Conservation – Recovery Implementation Funds	N/A - Direct Award	N/A - Direct Award	15.655	15,902	-
Migratory Bird Monitoring, Assessment and Conservation	NFWF	6001.18.059672	15.655	2,090	1,348
Subtotal Federal Assistance Listing # 15.655				17,992	1,348
Great Lakes Restoration	N/A - Direct Award	N/A - Direct Award	15.662	41,585	-
Great Lakes Restoration	NFWF	0501.18.060125	15.662	102,456	4,633
Great Lakes Restoration	NFWF	0501.18.061477	15.662	62,864	-
Great Lakes Restoration	The Nature Conservancy	G19-003-URB-G	15.662	4,164	-
Subtotal Federal Assistance Listing # 15.662				211,069	4,633
NFWF-USFWS Conservation Partnership	Connecticut Audubon Society	N/A	15.663	4,597	-
NFWF-USFWS Conservation Partnership	NFWF	0603.17.057631	15.663	9,492	-
NFWF-USFWS Conservation Partnership	NFWF	0111.19.063893	15.663	49,643	8,082
NFWF-USFWS Conservation Partnership	NFWF	2503.19.066631	15.663	7,484	-
NFWF-USFWS Conservation Partnership	NFWF	1401.19.065964	15.663	9,347	-
Subtotal Federal Assistance Listing # 15.663				80,563	8,082
Fish and Wildlife Coordination and Assistance	N/A - Direct Award	N/A - Direct Award	15.664	97,976	27,550
Youth Engagement, Education, and Employment	N/A - Direct Award	N/A - Direct Award	15.676	5,261	-
Heritage Partnership	MS Hills Heritage Area Alliance	MHHAA1902	15.939	2,500	-
Cooperative Research and Training Programs - Resources of the National Park System	N/A - Direct Award	N/A - Direct Award	15.945	141,180	-
National Park Service Conservation, Protection, Outreach, and Education	N/A - Direct Award	N/A - Direct Award	15.954	7,783	-
National Wild and Scenic Rivers System	Eightmile River Wild & Scenic Watershed	N/A	15.962	3,550	-
Total U.S. Department of Interior				**$ 2,556,486**	**$ 698,946**
U.S. Department of Transportation					
Recreational Trails Program	MD State Highway Administration	RT#1802	20.219	2,773	-
Recreational Trails Program	SC Dept of Parks, Recreation and Tourism	Beidler P28051901019/Sil Bluff P28051901119	20.219	4,522	-
Recreational Trails Program	Texas Parks and Wildlife Department	RT15008	20.219	11,921	-
Subtotal Federal Assistance Listing # 20.219				19,216	-
Total U.S. Department of Transportation				**$ 19,216**	**$ -**

The accompanying notes to the schedule of expenditures of federal awards should be read in conjunction with this schedule.

National Audubon Society Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the year ended June 30, 2020

Direct Awards: Federal Grantor/Program Title	Pass-Through Grantor	Sub-contract Agreement#	Federal Assistance Listing #	Total Federal Expenditures	Amounts Provided to Subrecipients
U.S. Environmental Protection Agency:					
Puget Sound Protection and Restoration: Tribal Implementation Assistance Program	Stillaguamish Tribe of Indians	N/A	66.121	$ 14,851	$ -
Long Island Sound Program	Connecticut Audubon Society	N/A	66.437	4,979	-
Long Island Sound Program	NFWF	1401.18.061470	66.437	12,748	-
Long Island Sound Program	NFWF	1401.18.061469	66.437	11,838	10,000
Subtotal Federal Assistance Listing # 66.437				29,565	10,000
National Estuary Program	Louisiana Board of Regents	BTNEP19-13	66.456	1,326	-
National Estuary Program	Puget Sound Partnership	2018-55	66.456	16,850	-
National Estuary Program	Puget Sound Partnership	2020-36	66.456	18,630	-
National Estuary Program	Texas Parks and Wildlife Department	514407	66.456	37,666	-
Subtotal Federal Assistance Listing # 66.456				74,472	-
National Wetland Program Development Grants and Five-Star Restoration Training Grant	NFWF	6001.18.059539	66.462	898	-
Chesapeake Bay Program	NFWF	0603.17.057631	66.466	18,844	-
Great Lakes Program	Hobart and William Smith Colleges	2018-EPA-Hydrilla-1.2	66.469	3,179	-
Environmental Education Grants	N/A - Direct Award	N/A - Direct Award	66.951	31,901	-
Total U.S. Environmental Protection Agency				**$ 173,710**	**$ 10,000**
Total Awards				**$ 5,046,476**	**$ 801,877**

The accompanying notes to the schedule of expenditures of federal awards should be read in conjunction with this schedule.

National Audubon Society Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of National Audubon Society, Inc. and subsidiaries ("Audubon"), under programs of the federal government for the year ended June 30, 2020 and is prepared on the accrual basis of accounting. 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 Audubon, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Audubon.

NOTE 2 - INDIRECT COST

Audubon did not elect to utilize the federal minimum indirect cost rate allowed under the Uniform Guidance.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

We have audited, 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, the consolidated financial statements of National Audubon Society, Inc. and subsidiaries ("Audubon"), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 12, 2020.

Internal control over financial reporting
In planning and performing our audit of the consolidated financial statements, we considered Audubon's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of Audubon'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 Audubon's consolidated 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 Audubon's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and other matters

As part of obtaining reasonable assurance about whether Audubon's consolidated 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 consolidated financial statements. 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*.

Intended purpose

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

Grant Thornton LLP

New York, New York
November 12, 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on compliance for each major federal program

We have audited the compliance of National Audubon Society, Inc. and subsidiaries ("Audubon") with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. Audubon'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to Audubon's federal programs.

Auditor's responsibility
Our responsibility is to express an opinion on compliance for each of Audubon'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 Audubon'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 Audubon's compliance.

Opinion on the major federal programs
In our opinion, Audubon 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 for the year ended June 30, 2020.

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Report on internal control over compliance

Management of Audubon 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 Audubon's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to design audit 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 Audubon'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 a 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. Given these limitations, during our audit we did not identify any deficiencies in Audubon's 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.

Grant Thornton LLP

New York, New Yok
December 23, 2020

National Audubon Society Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? __ yes _X_ no
- Significant deficiencies identified that are not considered to be material weakness(es)? __ yes _X_ none reported
- Noncompliance material to financial statements noted? __ yes _X_ no

Federal Awards:

Internal control over the major programs:

- Material weakness(es) identified? __ yes _X_ no
- Significant deficiencies identified that are not considered to be material weakness(es)? __ yes _X_ none reported

Type of auditors' report issued on compliance for the major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Subpart F, section 200.516(a) of the Uniform Guidance? __ yes _X_ no

Identification of the major programs:

Federal Grantor/Program or Cluster Title	Federal Assistance Listings#
U.S. Department of Interior:	
North American Wetlands Conservation Fund	15.623
Environmental Quality Incentives Program	10.912

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? _X_ yes ___ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.