



**NEW JERSEY
AUDUBON
SOCIETY**

www.njaudubon.org

**NEW JERSEY AUDUBON SOCIETY
Financial Statements
August 31, 2020 and 2019
With Independent Auditor's Report**

New Jersey Audubon Society
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August 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
New Jersey Audubon Society:

Report on the Financial Statements

We have audited the accompanying financial statements of New Jersey Audubon Society, which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

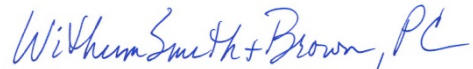
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey Audubon Society as of August 31, 2020 and 2019, and the changes in its net assets, cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 in the notes to financial statements, in 2020 the Society adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606), ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, ASU 2016-01 *Financial Instruments* (Topic 825) and ASU 2016-18, *Statement of Cash Flows* (Topic 230). Our opinion is not modified with respect to this matter.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

January 22, 2021

New Jersey Audubon Society
Statements of Financial Position
August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,338,648	\$ 264,439
Grants and contracts receivable	136,697	85,974
Contract assets	181,383	383,623
Loans receivable	2,663	54,588
Promises to give receivable	365,190	9,000
Bequests receivable	530,901	275,853
Prepaid expenses and other current assets	35,275	33,348
Merchandise inventory	<u>474,701</u>	<u>598,262</u>
Total current assets	3,065,458	1,705,087
Property and equipment, net	3,816,524	4,005,517
Other assets		
Investments	5,254,209	5,346,077
Promises to give receivable, net	1,087,899	5,762
Beneficial interest in funds held by others	495,299	455,807
Cash surrender value, life insurance	244,388	221,935
Land held in perpetuity	<u>16,833,729</u>	<u>16,833,729</u>
Total other assets	<u>23,915,524</u>	<u>22,863,310</u>
Total assets	<u>\$ 30,797,506</u>	<u>\$ 28,573,914</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 274,052	\$ 408,073
Line of credit	-	50,000
Refundable advance	117,629	-
Contract liabilities	<u>650,547</u>	<u>460,699</u>
Total current liabilities	<u>1,042,228</u>	<u>918,772</u>
Net assets		
Without donor restriction	8,903,317	8,763,555
With donor restriction	<u>20,851,961</u>	<u>18,891,587</u>
Total net assets	<u>29,755,278</u>	<u>27,655,142</u>
Total liabilities and net assets	<u>\$ 30,797,506</u>	<u>\$ 28,573,914</u>

The Notes to Financial Statements are an integral part of these statements.

New Jersey Audubon Society
Statements of Activities and Changes in Net Assets
Years Ended August 31, 2020 and 2019

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenues						
Sale of merchandise	\$ 631,240	\$ -	\$ 631,240	\$ 931,964	\$ -	\$ 931,964
Less: Cost of goods sold	<u>(498,479)</u>	<u>-</u>	<u>(498,479)</u>	<u>(703,803)</u>	<u>-</u>	<u>(703,803)</u>
Net sales of merchandise	132,761	-	132,761	228,161	-	228,161
Contributions						
General contributions	2,143,271	1,612,001	3,755,272	1,398,751	68,915	1,467,666
Bequests	29,235	318,702	347,937	1,147,803	-	1,147,803
Memberships	393,107	-	393,107	430,016	-	430,016
Land	-	-	-	950,000	-	950,000
Special event income	293,290	-	293,290	277,283	-	277,283
Less: Special events expense	<u>(22,386)</u>	<u>-</u>	<u>(22,386)</u>	<u>(53,053)</u>	<u>-</u>	<u>(53,053)</u>
Net special events	270,904	-	270,904	224,230	-	224,230
Contract revenue						
Grants and contracts	2,627,651	-	2,627,651	1,990,088	-	1,990,088
Program fees	396,451	-	396,451	946,013	-	946,013
Change in value of funds held by others	-	17,270	17,270	-	(18,993)	(18,993)
Change in value of cash surrender value, life insurance	2,453	-	2,453	3,847	-	3,847
Investment return, net	<u>501,769</u>	<u>26,305</u>	<u>528,074</u>	<u>162,197</u>	<u>-</u>	<u>162,197</u>
	6,497,602	1,974,278	8,471,880	7,481,106	49,922	7,531,028
Transfer to restricted net assets	(75,289)	75,289	-	-	-	-
Net assets released from restrictions	<u>89,193</u>	<u>(89,193)</u>	<u>-</u>	<u>307,933</u>	<u>(307,933)</u>	<u>-</u>
	<u>6,511,506</u>	<u>1,960,374</u>	<u>8,471,880</u>	<u>7,789,039</u>	<u>(258,011)</u>	<u>7,531,028</u>
Expenses						
Program services						
Education and sanctuaries	2,317,595	-	2,317,595	2,939,492	-	2,939,492
Stewardship	1,676,986	-	1,676,986	1,817,824	-	1,817,824
Research	<u>526,499</u>	<u>-</u>	<u>526,499</u>	<u>572,894</u>	<u>-</u>	<u>572,894</u>
Total program services	<u>4,521,080</u>	<u>-</u>	<u>4,521,080</u>	<u>5,330,210</u>	<u>-</u>	<u>5,330,210</u>
Supporting services						
Management and general	604,304	-	604,304	620,652	-	620,652
Development	<u>1,246,360</u>	<u>-</u>	<u>1,246,360</u>	<u>1,038,794</u>	<u>-</u>	<u>1,038,794</u>
Total supporting services	<u>1,850,664</u>	<u>-</u>	<u>1,850,664</u>	<u>1,659,446</u>	<u>-</u>	<u>1,659,446</u>
Total expenses	<u>6,371,744</u>	<u>-</u>	<u>6,371,744</u>	<u>6,989,656</u>	<u>-</u>	<u>6,989,656</u>
Changes in net assets	139,762	1,960,374	2,100,136	799,383	(258,011)	541,372
Net assets						
Beginning of year	<u>8,763,555</u>	<u>18,891,587</u>	<u>27,655,142</u>	<u>7,964,172</u>	<u>19,149,598</u>	<u>27,113,770</u>
End of year	<u>\$ 8,903,317</u>	<u>\$ 20,851,961</u>	<u>\$ 29,755,278</u>	<u>\$ 8,763,555</u>	<u>\$ 18,891,587</u>	<u>\$ 27,655,142</u>

The Notes to Financial Statements are an integral part of these statements.

New Jersey Audubon Society
Statements of Cash Flows
Years Ended August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating activities		
Changes in net assets	\$ 2,100,136	\$ 541,372
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	198,393	220,945
Contribution - land	-	(950,000)
Beneficial interest in funds held by others	(39,492)	18,993
Cash surrender value, life insurance	(2,453)	(3,847)
Unrealized (gain) loss on investments	(282,023)	193,063
Realized gain on investments	(92,810)	(171,139)
Bad debt expense	2,000	7,500
Adjustment to present value	15,363	262
Changes in assets and liabilities		
Grants and contracts receivable	151,517	24,485
Promises to give receivable	(1,455,690)	2,500
Bequests receivable	(255,048)	(144,707)
Prepaid expenses and other current assets	(1,927)	8,244
Merchandise inventory	123,561	(12,085)
Accounts payable and accrued expenses	(134,021)	(59,785)
Deferred revenue	<u>189,848</u>	<u>(36,903)</u>
Net cash provided by (used in) operating activities	517,354	(361,102)
Investing activities		
Purchase of property and equipment	(9,400)	(21,951)
Life insurance policy premiums paid	(20,000)	(20,000)
Payments on loan receivable	51,925	2,500
Purchase of investments	(1,042,189)	(972,377)
Proceeds from the sale of investments	<u>1,508,890</u>	<u>1,049,664</u>
Net cash provided by investing activities	<u>489,226</u>	<u>37,836</u>
Financing activities		
Payments on line of credit	(50,000)	-
Proceeds from PPP loan - refundable advance payable	826,100	-
Release from PPP loan - refundable advance payable	(708,471)	-
Line of credit drawdowns	<u>-</u>	<u>50,000</u>
Net cash provided by financing activities	<u>67,629</u>	<u>50,000</u>
Net change in cash and cash equivalents	1,074,209	(273,266)
Cash and cash equivalents		
Beginning of year	<u>264,439</u>	<u>537,705</u>
End of year	<u>\$ 1,338,648</u>	<u>\$ 264,439</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 569</u>	<u>\$ 488</u>

No amounts were paid for income taxes for the years ended August 31, 2020 and 2019.

The Notes to Financial Statements are an integral part of these statements.

**New Jersey Audubon Society
Statement of Functional Expenses
Year Ended August 31, 2020**

	Program Services				Management and General	Development	Total
	Education and Sanctuaries	Stewardship	Research	Total Program Services			
Salaries	\$ 1,226,365	\$ 943,193	\$ 304,584	\$ 2,474,142	\$ 352,262	\$ 542,012	\$ 3,368,416
Fringe benefits	265,132	197,946	57,889	520,967	62,850	101,422	685,239
Supplies	10,529	13,945	16,005	40,479	3,816	2,584	46,879
Insurance	65,069	43,341	6,047	114,457	16,164	10,332	140,953
Telephone	28,677	14,740	2,478	45,895	2,920	5,202	54,017
Printing	68,611	24,250	7,452	100,313	104	89,796	190,213
Postage	19,776	5,210	1,653	26,639	1,058	42,526	70,223
Advertising	16,244	566	-	16,810	-	-	16,810
Equipment	18,804	5,774	630	25,208	3,381	5,213	33,802
Occupancy	60,398	33,703	4,600	98,701	519	1,206	100,426
Travel	15,652	42,419	26,865	84,936	4,819	1,583	91,338
Professional fees and contracts	163,281	282,769	73,504	519,554	125,529	434,117	1,079,200
Program expenses	154,545	26,312	24,792	205,649	7,559	6,434	219,642
Repairs and maintenance	52,936	12,511	-	65,447	4,244	3,933	73,624
Direct costs of special events	-	-	-	-	-	22,386	22,386
Interest expense	-	-	-	-	569	-	569
Depreciation	149,576	30,307	-	179,883	18,510	-	198,393
Bad debt expense	2,000	-	-	2,000	-	-	2,000
	<u>2,317,595</u>	<u>1,676,986</u>	<u>526,499</u>	<u>4,521,080</u>	<u>604,304</u>	<u>1,268,746</u>	<u>6,394,130</u>
Less direct costs of special events netted with revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,386)</u>	<u>(22,386)</u>
	<u>\$ 2,317,595</u>	<u>\$ 1,676,986</u>	<u>\$ 526,499</u>	<u>\$ 4,521,080</u>	<u>\$ 604,304</u>	<u>\$ 1,246,360</u>	<u>\$ 6,371,744</u>

The Notes to Financial Statements are an integral part of this statement.

New Jersey Audubon Society
Statement of Functional Expenses
Year Ended August 31, 2019

	Program Services				Management and General	Development	Total
	Education and Sanctuaries	Stewardship	Research	Total Program Services			
Salaries	\$ 1,410,129	\$ 876,153	\$ 319,072	\$ 2,605,354	\$ 327,129	\$ 567,493	\$ 3,499,976
Fringe benefits	326,158	192,805	64,664	583,627	55,796	109,374	748,797
Supplies	20,332	18,110	14,229	52,671	1,753	2,615	57,039
Insurance	52,251	34,328	4,504	91,083	12,161	4,996	108,240
Telephone	29,714	15,518	3,026	48,258	3,198	5,015	56,471
Printing	82,270	23,210	7,388	112,868	29	77,728	190,625
Postage	19,398	4,603	1,752	25,753	1,187	50,241	77,181
Advertising	40,750	33	-	40,783	-	125	40,908
Equipment	24,240	24,662	200	49,102	1,196	4,123	54,421
Occupancy	103,079	43,868	8,458	155,405	1,245	2,898	159,548
Travel	34,616	54,760	22,726	112,102	6,880	3,406	122,388
Professional fees and contracts	176,635	387,435	75,759	639,829	171,400	201,412	1,012,641
Program expenses	369,014	62,063	51,116	482,193	4,540	6,558	493,291
Repairs and maintenance	98,428	34,076	-	132,504	3,883	2,810	139,197
Direct costs of special events	-	-	-	-	-	53,053	53,053
Interest expense	-	-	-	-	488	-	488
Depreciation	152,478	38,700	-	191,178	29,767	-	220,945
Bad debt expense	-	7,500	-	7,500	-	-	7,500
	<u>2,939,492</u>	<u>1,817,824</u>	<u>572,894</u>	<u>5,330,210</u>	<u>620,652</u>	<u>1,091,847</u>	<u>7,042,709</u>
Less direct costs of special events netted with revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,053)</u>	<u>(53,053)</u>
	<u>\$ 2,939,492</u>	<u>\$ 1,817,824</u>	<u>\$ 572,894</u>	<u>\$ 5,330,210</u>	<u>\$ 620,652</u>	<u>\$ 1,038,794</u>	<u>\$ 6,989,656</u>

The Notes to Financial Statements are an integral part of this statement.

New Jersey Audubon Society

Notes to Financial Statements

August 31, 2020 and 2019

1. THE SOCIETY AND PURPOSE

New Jersey Audubon Society (the “Society” or “NJAS”), founded in 1897, is a New Jersey not-for-profit corporation incorporated in 1937. The overall purposes of the Society are to connect all people with nature and to steward the nature of today for all people of tomorrow. New Jersey Audubon’s conservation programs are focused on recovering wildlife, stewarding habitat and connecting people to nature. NJAS has set forth its 2020-22 organizational and programmatic Conservation Priorities which contain ambitious goals in connecting people with nature, saving wildlife and restoring habitat. NJAS implements strategies that directly address the impacts of climate change and seek to create resilient communities for wildlife and people, while also ensuring that NJAS is a diverse, equitable and inclusive environment. The Society’s significant sources of revenues are from contributions, grants and contracts, sales of merchandise, special events and income from programs operated to promote the Society’s purpose.

Diversity, Equity, Inclusion and Justice

Diversity, Equity, Inclusion and Justice (“DEIJ”) is a key priority for New Jersey Audubon. Following incidents of racial injustice in 2020, NJAS reaffirmed its commitment and belief that *conservation is for all*. We have held that belief at our core for decades as reflected through our education team’s Nature for All initiative. NJAS has recently revised its By-Laws to reflect its commitment to DEIJ and our DEIJ Task Force formalized a DEIJ Organizational Statement and DEIJ definitions that are being shared with board members and staff as resource tools. A DEIJ toolkit created by NJAS staff was also shared with staff and Board. A DEIJ staff work group was created and met weekly, brainstorming and prioritizing ways to move forward with DEIJ initiatives for the Organization and its programs to become diverse, inclusive and just. NJAS also provided professional development opportunities and webinars, educating staff and board members on all aspects of DEIJ. Board, senior leadership and staff have integrated our commitment to DEIJ into our mission, the coalitions we lead, as well as our conservation priorities.

Where we work

NJAS provides leadership for large-scale conservation initiatives and organizes its work around three regions: forests and farms, coasts and wetlands, and cities and towns.

The program service expenses shown in the statements of functional expenses include activities related to the summary the Society’s accomplishments in the following three areas for the year ended August 31, 2020.

Forests and Farms

In the Delaware Watershed NJAS led stewardship of >5,000 acres of forest and farmland, tracked bog turtles and restored their habitat, and coordinated the Coalition for the Delaware River Watershed, which secured a \$10 million federal appropriation. Forest Stewardship Planning and Implementation saw >10,000 acres positively impacted. Young forest stewardship saw the first Golden-winged Warbler in newly created habitat. Northern Bobwhite Restoration Initiative findings were published in the Journal of Wildlife Management. NJAS advocated for increased prescribed burning statewide and recruited private landowners to burn several thousand acres. Staff engaged with NJDEP on off-road vehicle impacts in the Pinelands; closure of parks during COVID-19; forest stewardship; native plants and seeds. Outreach efforts resulted in the passage of a federal law ensuring permanent funding for the Land and Water Conservation Fund.

Coasts & Wetlands

NJAS continued its leadership role in shorebird conservation, research, and monitoring despite stalled international collaborations given COVID-19. The Horseshoe Crab Recovery Coalition was launched, including working with pharmaceutical companies to adopt a synthetic alternative to using horseshoe crab blood in medical testing.

**New Jersey Audubon Society
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Staff engaged with NJDEP on climate change impacts in NJ and offshore wind projects and participated in the NJ Climate Change Alliance. Policy efforts helped achieve a ban on single use plastics.

Cities & Towns

Statewide NJA educated and engaged more than 400,000 people through direct programming and a diversified platform of communications. NJA engaged several thousand people in ecology, birding, nature exploration, sustainability, land stewardship, gardening for wildlife and wildlife migration, despite COVID-19. NJA met several hundred teachers who reached several thousand students utilizing STEM practices. Volunteers provided several thousand hours, helping with land stewardship, programs, visitor engagement, and administrative tasks. Through coalitions, NJA is engaging with environmentally overburdened communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. The Society has recorded accounting transactions in two net asset categories as follows:

Net assets without donor restrictions: Assets that are not subject to donor imposed restrictions.

Net assets with donor restrictions: Assets subject to donor imposed restrictions that will be fulfilled by the passage of time or actions of the Society.

Revenues and gains and losses on investments and other assets are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions and are allocated to functional categories depending upon the ultimate purpose of the expenditure. Releases of net assets with donor restrictions which include either the satisfaction of a donor requirement or the passage of time are reported as net assets released from restrictions in the statements of activities and changes in net assets.

Cash and Cash Equivalents

Cash and cash equivalents are short term, highly liquid investments with a maturity date of three months or less on the date of acquisition.

Investments

Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value in the statements of financial position. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

Merchandise Inventory

Inventory, consisting entirely of merchandise purchased for resale, is valued at the lower of cost or net realizable value. Costs are determined on a first-in, first-out basis.

Property and Equipment

Buildings, improvements and land without donor restriction are recorded at cost, except for donated items which are recorded at fair value based on the assessed value at the date of donation. Buildings located on permanently restricted land sites have been recorded as net assets with donor restriction by the Society and will be depreciated over their useful lives.

New Jersey Audubon Society
Notes to Financial Statements
August 31, 2020 and 2019

All personal property has been recorded as net assets without donor restriction, as there have been no restrictions placed on the contributions by the donors.

Furniture and equipment is recorded at cost, except for donated items which are recorded at the fair market value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

The principal rates for computing depreciation by major asset category are as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Buildings and improvements	5-40
Furniture and equipment	3-5

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in these financial statements include the calculation of estimated useful lives of property and equipment, the net present value of pledges receivable, the calculation of the allowance for doubtful accounts and the value of the beneficial interests in funds held by others.

Restricted Land

The Society has recorded contributions of land as net assets with donor restriction, based on the donors' written or implied request to maintain these sites as wildlife sanctuaries into perpetuity.

Valuation of Long-Lived Assets

In accordance with the provisions of the accounting pronouncement on accounting for the impairment or disposal of long-lived assets, the Society reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, grants and contracts receivable, unconditional promises to give, loans receivable, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments. The value of unconditional promises to give reasonably approximates fair value as they are presented using estimated future cash flows discounted by a market rate of interest. Beneficial interests in funds held by others approximates fair value as they are adjusted regularly to reflect the Society's fair value of the associated investment less the present value of estimated future distributions.

Income Taxes

New Jersey Audubon Society is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for Federal income taxes. There were no uncertain tax positions at August 31, 2020 and 2019. The Society did not have any income tax related penalties or interest for the years presented.

New Jersey Audubon Society
Notes to Financial Statements
August 31, 2020 and 2019

Accounting Pronouncements Adopted in the Current Year

Revenue Recognition – Contracts with Customers

FASB Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Society has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets or changes in net assets. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

Revenue Recognition – Contributions Made and Received

During 2020, the Society adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08 – *Not-for-profit Entities – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transaction or contributions and improve guidance to better distinguish between conditional and unconditional contributions. At August 31, 2020, there were no contributions not recognized because the condition on which they depend has not yet been met. The adoption of this ASU had no impact on current or prior periods ending net assets or changes in net assets.

Financial Instruments

During 2020, the Society adopted ASU 2016-01, *Financial Instruments* (Topic 825). This ASU required all equity investments to be measured at fair value with changes in the fair value recognized through net income (other than those accounted for under the equity method of accounting or those that result in consolidation of the investee). In addition, the amendments in this ASU eliminated the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. Adoption of this accounting pronouncement had no effect on the Society’s 2020 and 2019 financial statements.

Restricted Cash

In November 2016, the FASB issued ASU 2016-18 *Statement of Cash Flows* (Topic 230), which requires restricted cash to be included within cash and cash equivalents when explaining the total change in cash for the period within the statement of cash flows. The Society adopted ASU 2016-18 effective September 1, 2019. ASU 2016-18 did not have a material impact on the Society’s financial statements and related disclosures.

Revenue and Support Recognition

Contributions and Promises to Give

The Society recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as without donor restriction or with donor restriction support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Membership dues are deemed to be contributions based upon the associated member benefits received. When a donor restriction expires, net assets with donor restriction are reclassified and reported in the statements of activities and changes in net assets as net assets released from restrictions.

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Conditional promises to give, which include those with a barrier or other measurable performance requirement and a right of return or release, are not recognized as revenue until the conditions on which they depend have been substantially met. Payments received in advance of conditions being met are recorded as refundable advances on the statements of financial position.

Special Events

The Society accounts for special event income in the statements of activities and changes in net assets net of direct costs related to the events. Funds received in advance for ticket sales or sponsorships are recorded as deferred revenue until the event occurs. Revenues are recognized at a point in time, at the date of the event held.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society.

Revenue from Contracts with Customers

Revenues from contracts with customers include revenues from sale of merchandise, program fees and membership dues. These are treated as exchange transactions in the statements of activities and changes in net assets. There are no significant financing components as payment is received at or shortly after the point of sale. Funds received in advance from customers for services that have not been performed have been recorded as contract liabilities, which are shown as deferred revenue in the statements of financial position. Sales taxes collected concurrent with the revenue-producing activities are excluded from revenue. Any obligations for refunds are not material and accordingly related disclosures are not provided.

Sale of Merchandise

Revenues from the sale of merchandise are recorded at the time the goods have been shipped or when taken by the customer, which is a specific point in time. Rates are set for each item sold. These revenues are shown as support with no donor restrictions in the statements of activities and changes in net assets.

Program Fees

Revenues from program fees are recorded once the program has occurred, which is a specific point in time. Refunds are allowed in limited situations prior to the occurrence of the program and occur infrequently. These revenues are shown as support with no donor restrictions in the statements of activities and changes in net assets. Program fees received in advance are classified as contract liabilities.

Other revenues are received from investment income. These revenues are used to offset program and management and general expenses, unless restricted by the donor. Revenues from these sources are recognized at the time the investment income is received.

New Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842) which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of the Society's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. The Society is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

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In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. This ASU requires a not-for-profit organization to present contributed nonfinancial assets, along with expanded disclosure requirements. The Society does not expect this ASU to have a significant impact on the financial statements.

Functional Expense Classifications

The expenses of the Society are presented in the statements of activities and changes in net assets under the following classifications which describe the Society's program activities:

- Education and sanctuaries - To promote educational awareness and environmental protection through summer camps, field trips, lectures and weekend events and to maintain wildlife sanctuaries, educational centers and other properties.
- Stewardship - To encourage and support sound conservation and stewardship practices and laws.
- Research - To disseminate and advance knowledge of the natural environment through educational and research programs and publications.

All expenses which were not directly associated with the above service categories, primarily management and fundraising expenses are categorized as management and general expenses or development expense. Expenses are allocated on a functional basis between the above classifications. Expenses that can be identified within a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are prorated among the functions. Certain costs have been allocated among program service, management and general and development expense. Such allocations are determined by management on an equitable basis. The expenses that are allocated and the method of allocation are as follows:

<u>Expense Category</u>	<u>Allocation Methodology</u>
Supplies	Direct expense
Insurance	Headcount, direct expense
Telephone	Direct expense
Printing	Direct expense
Postage	Direct expense
Occupancy	Direct expense

Advertising

Advertising is expensed in the period incurred. Advertising amounted to \$16,810 and \$40,908 at August 31, 2020 and 2019, respectively.

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3. CONTRIBUTIONS AND BEQUESTS RECEIVABLE

At August 31, contributions and bequests receivable consisted of the following:

	<u>2020</u>	<u>2019</u>
Total contributions receivable	\$ 1,469,190	\$ 15,500
Total bequests receivable	530,901	275,853
Less: Discount to net present value	<u>(16,101)</u>	<u>(738)</u>
Net contributions and bequests receivable	1,983,990	290,615
Less: Current portion	<u>896,091</u>	<u>284,853</u>
Contributions and bequest receivable, long term	<u>\$ 1,087,899</u>	<u>\$ 5,762</u>

At August 31, 2020 and 2019, contributions and bequests receivable were discounted using the year-end risk-free rate which was 1% and 5%, respectively.

Maturities of contributions and bequests receivable at August 31:

In one year or less	\$ 896,091
Between one and five years	359,909
More than five years	<u>9,588</u>
Total	<u>\$ 1,265,588</u>

4. GRANTS AND CONTRACTS RECEIVABLE

The Society operates under various grants and contracts. At August 31, the Society was due certain amounts from funding sources which resulted from expenditures incurred in excess of payments received. The following details the amounts due to the Society by contract:

<u>Funding Agency and Program</u>	<u>2020</u>	<u>2019</u>
City of Linden	\$ 5,543	\$ 2,266
National Fish & Wildlife Foundation	76,203	179,873
PSE&G	85,253	77,058
U.S. Fish and Wildlife Service, Nongame	33,895	25,926
State of New Jersey – Department of Environmental Protection – Division of Fish and Wildlife	-	20,565
National Wildlife Federation	44,815	35,055
New Jersey Natural Land Trusts	6,765	21,080
Natural Resources Conservation Service	6,816	10,371
William Penn Foundation	-	3,663
Other	<u>58,790</u>	<u>93,740</u>
	<u>\$ 318,080</u>	<u>\$ 469,597</u>

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5. FAIR VALUE MEASUREMENTS

The Society has provided fair value disclosure information for relevant assets and liabilities in these financial statements. For applicable assets (liabilities) subject to this pronouncement, the Society will value such assets (liabilities) using quoted market prices in active markets for identical assets to the extent possible (Level 1). To the extent that such market prices are not available, the Society will next attempt to value such assets (liabilities) using observable measurement criteria, including quoted market prices of similar assets (liabilities) in active and inactive markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Society will develop measurement criteria based on the best information available (Level 3). There have been no changes in the valuation methodologies or transfers between levels for investments for the periods presented.

The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of August 31, along with the basis for the determination of fair value:

	2020			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Mutual funds - stocks				
Foreign Large Blend	\$ 1,043,818	\$ 1,043,818	\$ -	\$ -
Large Blend	576,840	576,840	-	-
Large Growth	292,073	292,073	-	-
Large Value	279,602	279,602	-	-
Mid Cap Blend	111,913	111,913	-	-
Small Growth	126,897	126,897	-	-
Social Index Fund Admiral	298,449	298,449	-	-
Mutual funds - fixed income				
Corporate Bond	517,575	517,575	-	-
Intermediate Term Bond	1,274,890	1,274,890	-	-
Short-term Bond	732,152	732,152	-	-
	<u>\$ 5,254,209</u>	<u>\$ 5,254,209</u>	<u>\$ -</u>	<u>\$ -</u>

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	2019			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Mutual funds - stocks				
Foreign Large Blend	\$ 1,003,660	\$ 1,003,660	\$ -	\$ -
Large Blend	537,335	537,335	-	-
Large Growth	271,992	271,992	-	-
Large Value	276,316	276,316	-	-
Mid Cap Blend	116,137	116,137	-	-
Small Growth	118,385	118,385	-	-
Social Index Fund Admiral	271,513	271,513	-	-
Mutual funds - fixed income				
Corporate Bond	554,624	554,624	-	-
Intermediate Term Bond	1,393,900	1,393,900	-	-
Short-term Bond	802,215	802,215	-	-
	<u>\$ 5,346,077</u>	<u>\$ 5,346,077</u>	<u>\$ -</u>	<u>\$ -</u>

Investment return, net related to these investments is included with investment income earned by cash and cash equivalents on the statements of activities and changes in net assets at August 31, 2020 and 2019 and was comprised of the following:

	2020	2019
Interest and dividend income	\$ 169,968	\$ 201,133
Realized gain	92,810	171,139
Unrealized gain (loss)	<u>282,023</u>	<u>(193,063)</u>
	544,801	179,209
Less: Investment fees	<u>(16,727)</u>	<u>(17,012)</u>
	<u>\$ 528,074</u>	<u>\$ 162,197</u>

6. LOANS RECEIVABLE

The Society operates a revolving loan program that provides low interest, short term loans to assist with equipment purchases, improvements or supplies for approved farmers that are participating in an assistance program operated by an outside federal agency. Once the project has been approved by the federal agency, a loan is made from the revolving loan account. Repayments are made directly to the Society from the state program once the project has been completed. The two loans bear interest at 1% and normally are for terms ranging from 30 to 90 days. At August 31, 2020 and 2019, the loans receivable outstanding were \$2,663 and \$54,588, respectively, and were all current. Management reviews the loans receivable regularly for balances that will not be collected. Management deems the amounts to be fully collectible.

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7. PROPERTY AND EQUIPMENT

Property and equipment at August 31, was comprised of the following:

	2020		
	Without Donor Restriction	With Donor Restriction	Total
Land	\$ 1,000,000	\$ -	\$ 1,000,000
Buildings and improvements	5,069,783	1,237,052	6,306,835
Furniture and equipment	655,735	-	655,735
	<u>6,725,518</u>	<u>1,237,052</u>	<u>7,962,570</u>
Less: Accumulated depreciation	<u>(3,168,373)</u>	<u>(977,673)</u>	<u>(4,146,046)</u>
	<u>\$ 3,557,145</u>	<u>\$ 259,379</u>	<u>\$ 3,816,524</u>
	2019		
	Without Donor Restriction	With Donor Restriction	Total
Land	\$ 1,000,000	\$ -	\$ 1,000,000
Buildings and improvements	5,060,383	1,237,052	6,297,435
Furniture and equipment	655,735	-	655,735
	<u>6,716,118</u>	<u>1,237,052</u>	<u>7,953,170</u>
Less: Accumulated depreciation	<u>(2,981,184)</u>	<u>(966,469)</u>	<u>(3,947,653)</u>
	<u>\$ 3,734,934</u>	<u>\$ 270,583</u>	<u>\$ 4,005,517</u>

Depreciation expense charged to operations amounted to \$198,393 and \$220,945 for the years ended August 31, 2020 and 2019, respectively.

8. BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS

The Society is the remainder beneficiary of an interest in a charitable remainder annuity trust held by an outside trustee. The fair value of the trust at August 31, 2020 and 2019 was \$473,077 and \$455,807, respectively. The change in value of the beneficial interest in funds held by others of \$17,270 and \$(18,993) has been reflected in the statements of activities and changes in net assets at August 31, 2020 and 2019, respectively.

During the year ended August 31, 2020, the Society became the remainder beneficiary of an interest in a charitable gift annuity held by an outside trustee. The fair value of the annuity at August 31, 2020 and 2019 was \$22,222 and \$-0-, respectively.

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9. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of August 31, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and fulfillment of liabilities, were as follows:

	<u>2020</u>	<u>2019</u>
Financial assets at year end		
Cash and cash equivalents	\$ 1,338,648	\$ 264,439
Grants and contracts receivable	136,697	85,974
Contract assets	181,383	383,623
Loans receivable	2,663	54,588
Promises to give receivable	10,190	9,000
Bequests receivable	<u>530,901</u>	<u>275,853</u>
Financial assets available to meet general expenditures over the next twelve months	2,200,482	1,073,477
Less: Bequests restricted by donors	(318,702)	-
Liquidity Resources		
Available line of credit	2,000,000	1,950,000
Estimated annual draw from investment funds	<u>173,000</u>	<u>173,000</u>
Total financial assets and liquidity resources	<u>\$ 4,054,780</u>	<u>\$ 3,196,477</u>

The financial assets above are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The Society manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. Excess cash is invested in mutual funds and sufficient cash is held on hand to manage operating expenses.

10. LINE OF CREDIT

The Society has a \$2,000,000 line of credit, bearing interest at 0.25% above the prevailing prime rate which expires in April 2021, secured by the investments and all property of the Society. For the years ended August 31, 2020 and 2019, there was an outstanding loan balance of \$-0- and \$50,000, respectively.

11. CONTRACT ASSETS AND LIABILITIES

Contract assets represent receivables which are not billed but have been earned. Contract liabilities represent funds received in advance of services provided or performance obligations being met. Receivables represent amounts billed for the services provided.

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Receivables, contract assets and contract liabilities were as follows:

	Grants and		Contract Assets		Contract Liabilities	
	Contracts Receivable		2020	2019	2020	2019
Beginning of year	\$ 85,974	\$ 249,708	\$ 383,623	\$ 244,374	\$ 460,699	\$ 497,602
End of year	\$ 136,697	\$ 85,974	\$ 181,383	\$ 383,623	\$ 650,547	\$ 460,699

The Society received funds in excess of expenditures incurred, resulting in deferred revenue on contracts that continue into the subsequent year and amounted to \$645,053 and \$298,072 at August 31, 2020 and 2019, respectively. Other contract liabilities have been recorded for program fees that are associated with programs occurring in the next fiscal year and amounted to \$5,494 and \$162,627 at August 31, 2020 and 2019, respectively.

12. REFUNDABLE ADVANCE

On April 15, 2020, the Society received a loan from a financial institution authorized through the Paycheck Protection Program authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARE) in the amount of \$816,100. The Society recognized income of \$708,473 during the year ended August 31, 2020 based on eligible use of the loan proceeds in accordance with the CARES Act. If the financial institution determines that the criteria for forgiveness has not been met, the loan matures 2 years from the date of the loan and interest accrues at a rate of 1% per year.

13. COST OF GOODS SOLD

Cost of goods sold for the years ended August 31, 2020 and 2019 was computed as follows:

	<u>2020</u>	<u>2019</u>
Beginning merchandise inventory	\$ 598,262	\$ 586,177
Purchases	<u>374,918</u>	<u>715,888</u>
Goods available for sale	973,180	1,302,065
Less: Ending merchandise inventory	<u>474,701</u>	<u>598,262</u>
Cost of goods sold	<u>\$ 498,479</u>	<u>\$ 703,803</u>

14. LEASES

Operating Lease

The Society leases land from the City of Plainsboro and the City of Cape May to operate sanctuary programs. These leases expire in 2021. In exchange for the cost of operating the nature centers, rental payments have been waived.

The Society leases office space in Trenton, NJ commencing January 10, 2018 through December 31, 2019. On December 10, 2019, the Society signed a lease amendment extending the term of the lease for an additional two years, through December 31, 2021. The Society's rent expense pursuant to the operating lease included in occupancy was \$20,800 and \$24,000 for the years ended August 31, 2020 and 2019, respectively. Future minimum payments are as follows: 2021 - \$24,800; 2022 - \$8,400.

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15. EMPLOYEE RETIREMENT PLAN

All employees of the Society who have completed minimum service requirements are eligible to participate in the New Jersey Audubon Society's Retirement Plan (the "Plan"), a defined contribution plan. Participants in the Plan are eligible to contribute amounts up to the maximum allowed by law on an annual basis. Discretionary employer contributions are determined by the Society and amounted to \$86,707 and \$85,065 for the years ended August 31, 2020 and 2019, respectively.

16. NET ASSETS

Components of net assets with donor restrictions at August 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
With donor restriction - restricted by donor for programmatic use as follows:		
Education	\$ 193,938	\$ 171,060
Government relations	22,256	239
Stewardship	502,632	276,317
Capital expenditures	<u>518,702</u>	<u>-</u>
	1,237,528	447,616
Time restricted	<u>1,147,924</u>	<u>14,762</u>
	2,385,452	462,378
Donor endowed principal	1,159,703	1,139,673
Beneficial interest in residual trust	473,077	455,807
Land restricted as site or sanctuary	<u>16,833,729</u>	<u>16,833,729</u>
Total net assets with donor restriction	<u>\$ 20,851,961</u>	<u>\$ 18,891,587</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2020</u>	<u>2019</u>
Purpose restrictions		
Government relations	\$ 2,983	\$ 717
Education	42,672	160,084
Stewardship	<u>41,538</u>	<u>137,249</u>
	87,193	298,050
Satisfaction of time restrictions	<u>2,000</u>	<u>9,883</u>
Total released from restrictions	<u>\$ 89,193</u>	<u>\$ 307,933</u>

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17. ENDOWMENT FUNDS

Endowment Funds

The Society's endowment consists of approximately 6 individual funds established by donors for a variety of purposes. Additionally, there is a board restricted endowment included in the total investment pool, which is included in net assets without donor restriction and is subject to the spending policy of the Society as well as to additional board direction as to use. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment funds established by the donors are included in net assets with donor restriction with land along with other components such that has been restricted by donors and a beneficial interest in a residual trust. These other components of net assets with donor restriction are not included in the information below related to endowment funds as they are not subject to investment management practices by the Society.

Interpretation of Relevant Law

The State of New Jersey has enacted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective June 2009. Prior to that New Jersey operated under the Uniform Management of Institutional Funds Act ("UMIFA"). Both UPMIFA and its predecessor, UMIFA, provide guidance on the maintenance and spending of endowment funds when the intent of the donors is not clear. UPMIFA provides new guidelines for the expenditure of an endowment fund with donor restriction, absent explicit donor stipulations. UPMIFA eliminates UMIFA's requirement for a permanent endowment to be maintained at its historic dollar value amount and instead allows not-for-profits to adopt prudent spending policies which can allow for invasion of corpus. Furthermore, the permanent endowments of the Society are subject to written instruments in which the donor's intent as to purpose and spending policies are explicitly indicated.

The Society has interpreted state law as requiring the preservation of the value of the endowment fund with primary consideration given to the donor intent expressed in the gift instrument. For those donations subject to UPMIFA, the Society has followed the donor instruments in classifying as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Society and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Society
- (7) The investment policies of the Society.

Return Objectives and Risk Parameters

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to minimize risk and maximize current income. The Society expects its endowment funds, over time, to provide an average rate of return of approximately 4.5 % annually. Actual returns in any given year may vary from this amount.

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Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Society 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). The Society targets an asset allocation that equally balances equities and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Society has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value. Effective September 1, 2017, the Society will reduce the distribution by .25% each year until the rate is reduced to 3%. For the years ended August 31, 2020 and 2019, the spending rates were 3.50% and 3.75%, respectively. In establishing this policy, the Society's investment portfolio is expected to keep up with inflation over the long-term.

Additional appropriations from the endowment without donor restriction can be made at the discretion of the Board for capital improvements or other strategic initiatives. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The following tables provide information regarding the change in the endowment net assets for the years ended August 31:

	2020		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning	\$ 4,084,563	\$ 1,357,731	\$ 5,442,294
Investment return			
Investment income	140,076	11,466	151,542
Realized gain	86,237	7,059	93,296
Unrealized gain	<u>260,685</u>	<u>21,339</u>	<u>282,024</u>
	4,571,561	1,397,595	5,969,156
Contributions received	-	20,030	20,030
Appropriated for expenditure	<u>(623,951)</u>	<u>(15,271)</u>	<u>(639,222)</u>
Endowment net assets, ending	<u>\$ 3,947,610</u>	<u>\$ 1,402,354</u>	<u>\$ 5,349,964</u>
Net assets with donor restriction required to be maintained in perpetuity			<u>\$ 1,159,703</u>
	2019		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning	\$ 4,419,702	\$ 1,506,388	\$ 5,926,090
Investment return			
Investment income	162,572	17,035	179,607
Realized gain	154,068	16,144	170,212
Unrealized loss	<u>(174,752)</u>	<u>(18,312)</u>	<u>(193,064)</u>
	4,561,590	1,521,255	6,082,845
Appropriated for expenditure	<u>(477,027)</u>	<u>(163,524)</u>	<u>(640,551)</u>
Endowment net assets, ending	<u>\$ 4,084,563</u>	<u>\$ 1,357,731</u>	<u>\$ 5,442,294</u>
Net assets with donor restriction required to be maintained in perpetuity			<u>\$ 1,139,673</u>

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The value of the beneficial interest in funds held by others included in total net assets with donor restriction is not included in the above tables. See Note 8 for details on the beneficial interest.

The value of land held in perpetuity included in total net assets with donor restriction is not included in the tables above. See Note 8 for a description of land held in perpetuity.

18. RELATED PARTY TRANSACTIONS

For the years ended August 31, 2020 and 2019, contributions from members of the Board of Directors amounted to approximately \$2,197,000 and \$253,000, respectively.

19. CONCENTRATIONS OF CREDIT RISK

The Society's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, investments, grants receivable and contributions and pledges receivable. At times during the years, cash of the Society deposited in financial institutions exceeds the FDIC limit of \$250,000. The management of the Society deposits cash funds in high quality institutions to lessen the amount of uninsured exposure. Cash equivalents and investments are in high-quality securities. Although subject to market fluctuations this investment policy somewhat limits the Society's exposure to concentrations of credit risk.

The Society has a long-standing history of collecting its pledges and contributions receivable which are from various individuals, corporations and foundations. An allowance for uncollectible accounts is normally recorded in the financial statements for any amounts considered uncollectible. This limits the Society's exposure to credit risk.

Coronavirus Pandemic

The current outbreak of the novel strain of coronavirus (COVID-19) is significantly impacting businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results, including investment results, may be adversely affected in 2020 and 2021. The extent to which the coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

The Society responded to the COVID-19 pandemic in a methodical manner to put the health and safety of its staff, members, volunteers and visitors at the forefront of all decisions. New Jersey's "Stay-at-Home" orders closed all nature centers and the Society's offices mid-March with only essential employees having access to buildings and all programs being transformed into virtual events if appropriate. Sanctuary trails remained open throughout the pandemic with both stewardship and research activities continuing on a limited basis using newly developed "Fieldwork Health and Safety Protocols". The Society's visitor centers, including retail operations, were closed through the end of August with scaled down outdoor programming and pop-up sales occurring adhering to social distancing and other health and safety protocols.

20. SUBSEQUENT EVENTS

The Society has evaluated subsequent events occurring after the statement of financial position date through the date of January 22, 2021, the date the financial statements were available for release. Based upon this evaluation, the Society has determined no subsequent events require disclosure or adjustment in the financial statements.