

Consolidated Financial Statements and  
Report of Independent Certified Public  
Accountants

**National Audubon Society, Inc.**

June 30, 2025 and 2024

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
National Audubon Society, Inc.

**Opinion**

We have audited the consolidated financial statements of National Audubon Society, Inc. and subsidiaries ("Audubon"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Audubon as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Audubon and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Audubon's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Audubon's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Grant Thornton LLP*

Boston, Massachusetts  
November 18, 2025

**National Audubon Society, Inc.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**June 30,**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 18,871,926	\$ 96,022,000
Other receivables, net	27,005,871	19,998,631
Prepaid expenses and other assets	4,362,593	4,132,613
Pledges receivable, net	44,064,995	22,648,156
Investments	333,030,935	271,494,704
Beneficial interest in charitable trusts	45,353,307	42,539,644
Pension funded status	-	514,718
ROU operating lease assets	7,493,214	9,516,733
ROU financing lease assets	137,257	283,528
Building and equipment, net	56,256,446	50,146,973
Land	106,405,783	106,405,783
	<u>\$ 642,982,327</u>	<u>\$ 623,703,483</u>
<b>Total assets</b>		
	<u>\$ 642,982,327</u>	<u>\$ 623,703,483</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 20,688,226	\$ 19,204,690
Deferred tuition and other	2,162,487	2,146,204
Funds held for others	9,280,336	8,239,578
Obligations under charitable trusts	7,623,341	7,666,303
Operating lease liabilities	10,771,308	13,383,270
Financing lease liabilities	142,530	289,682
Pension and postretirement benefit obligation	248,641	74,647
	<u>50,916,869</u>	<u>51,004,374</u>
<b>Total liabilities</b>		
	<u>50,916,869</u>	<u>51,004,374</u>
Commitments and contingencies		
<b>Net assets</b>		
Without donor restrictions	241,730,682	256,286,278
With donor restrictions	350,334,776	316,412,831
	<u>592,065,458</u>	<u>572,699,109</u>
<b>Total net assets</b>		
	<u>592,065,458</u>	<u>572,699,109</u>
<b>Total liabilities and net assets</b>		
	<u>\$ 642,982,327</u>	<u>\$ 623,703,483</u>

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

**National Audubon Society, Inc.**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Year ended June 30, 2025**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating activities</b>			
Revenues, gains and other support			
Contributions and grants of financial assets	\$ 92,770,260	\$ 54,200,218	\$ 146,970,478
Contributions and grants of non financial assets	5,423,747	-	5,423,747
Bequests	20,886,763	347,198	21,233,961
Earned income	11,701,794	-	11,701,794
Investment earnings on non-pooled funds, net	5,035,836	783,243	5,819,079
Investment earnings on pooled funds - appropriated, net	11,197,894	675,115	11,873,009
Other revenue	3,149,171	-	3,149,171
Net assets released from restrictions	36,833,415	(36,833,415)	-
	<u>186,998,880</u>	<u>19,172,359</u>	<u>206,171,239</u>
Total revenues, gains and other support			
	186,998,880	19,172,359	206,171,239
Expenses			
Conservation program	163,002,647	-	163,002,647
	<u>163,002,647</u>	<u>-</u>	<u>163,002,647</u>
Total program expense			
	163,002,647	-	163,002,647
Fundraising			
Membership	16,051,252	-	16,051,252
Development	14,142,465	-	14,142,465
	<u>30,193,717</u>	<u>-</u>	<u>30,193,717</u>
Total fundraising			
	30,193,717	-	30,193,717
Management and general	10,528,687	-	10,528,687
	<u>10,528,687</u>	<u>-</u>	<u>10,528,687</u>
Total operating expenses			
	203,725,051	-	203,725,051
Changes in net assets from operations	(16,726,171)	19,172,359	2,446,188
<b>Non-operating activities</b>			
Gain on sales of land, buildings and equipment	40,070	-	40,070
Investment gains on pooled funds not appropriated, net	2,955,988	10,122,245	13,078,233
Charitable trust additions	-	360,257	360,257
Change in value of charitable trusts	-	4,267,084	4,267,084
Pension and postretirement changes other than net periodic costs	(825,483)	-	(825,483)
	<u>2,170,575</u>	<u>14,749,586</u>	<u>16,920,161</u>
Total nonoperating activities			
	2,170,575	14,749,586	16,920,161
<b>CHANGE IN NET ASSETS</b>	(14,555,596)	33,921,945	19,366,349
<b>Net assets, beginning of year</b>	256,286,278	316,412,831	572,699,109
<b>Net assets, end of year</b>	<u>\$ 241,730,682</u>	<u>\$ 350,334,776</u>	<u>\$ 592,065,458</u>

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

**National Audubon Society, Inc.**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Year ended June 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating activities</b>			
Revenues, gains and other support			
Contributions and grants of financial assets	\$ 80,152,189	\$ 25,642,572	\$ 105,794,761
Contributions and grants of non financial assets	5,220,932	930,000	6,150,932
Bequests	20,650,743	5,933,205	26,583,948
Earned income	11,960,007	-	11,960,007
Investment earnings on non-pooled funds, net	6,307,920	1,253	6,309,173
Investment earnings on pooled funds - appropriated, net	8,877,868	344,852	9,222,720
Other revenue	943,386	-	943,386
Net assets released from restrictions	35,842,680	(35,842,680)	-
	<u>169,955,725</u>	<u>(2,990,798)</u>	<u>166,964,927</u>
Total revenues, gains and other support			
	169,955,725	(2,990,798)	166,964,927
Expenses			
Conservation program	143,055,761	-	143,055,761
	<u>143,055,761</u>	<u>-</u>	<u>143,055,761</u>
Total program expense			
	143,055,761	-	143,055,761
Fundraising			
Membership	13,987,692	-	13,987,692
Development	12,686,035	-	12,686,035
	<u>26,673,727</u>	<u>-</u>	<u>26,673,727</u>
Total fundraising			
	26,673,727	-	26,673,727
Management and general	9,490,090	-	9,490,090
	<u>179,219,578</u>	<u>-</u>	<u>179,219,578</u>
Total operating expenses			
	179,219,578	-	179,219,578
Changes in net assets from operations	(9,263,853)	(2,990,798)	(12,254,651)
<b>Non-operating activities</b>			
Gain on sales of land, buildings and equipment	6,900	-	6,900
Investment gains on pooled funds not appropriated, net	3,442,856	9,039,617	12,482,473
Charitable trust additions	-	414,535	414,535
Change in value of charitable trusts	-	4,726,822	4,726,822
Pension and postretirement changes other than net periodic costs	219,822	-	219,822
	<u>3,669,578</u>	<u>14,180,974</u>	<u>17,850,552</u>
Total nonoperating activities			
	3,669,578	14,180,974	17,850,552
<b>CHANGE IN NET ASSETS</b>	(5,594,275)	11,190,176	5,595,901
<b>Net assets, beginning of year</b>	261,880,553	305,222,655	567,103,208
<b>Net assets, end of year</b>	<u>\$ 256,286,278</u>	<u>\$ 316,412,831</u>	<u>\$ 572,699,109</u>

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, 2025**

		<b>Fundraising</b>				
	<b>Conservation Program</b>	<b>Membership</b>	<b>Development</b>	<b>Total Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Salaries	\$ 69,032,335	\$ 2,290,807	\$ 8,714,846	\$ 11,005,653	\$ 5,111,308	\$ 85,149,296
Payroll taxes and fringe benefits	17,936,325	595,143	2,264,084	2,859,227	1,328,295	22,123,847
Travel and meetings	3,963,747	96,788	677,626	774,414	474,810	5,212,971
Postage and mailing	4,361,083	2,751,915	75,731	2,827,646	11,238	7,199,967
Grants and scholarships	10,791,459	1,402	15,369	16,771	3,801	10,812,031
Chapter grants and support	1,387,489	-	-	-	-	1,387,489
Professional services	31,758,247	6,043,821	1,347,162	7,390,983	1,472,361	40,621,591
Occupancy	4,362,639	83,440	235,630	319,070	515,822	5,197,531
Telecommunications	421,648	10,341	9,616	19,957	52,548	494,153
Maintenance and other rental fees	2,821,836	-	12,729	12,729	284,439	3,119,004
Supplies and equipment	4,186,769	215,371	121,952	337,323	421,694	4,945,786
Printing, promotion, and magazine	3,164,433	1,561,309	157,893	1,719,202	5,980	4,889,615
Membership fulfillment	702,904	709,739	115,751	825,490	-	1,528,394
Service bureaus	1,467,093	182,721	73,820	256,541	196,483	1,920,117
Insurance	1,511,012	6,154	36,245	42,399	381,103	1,934,514
Advertising	87,602	1,454,616	80,031	1,534,647	137	1,622,386
Subscriptions, dues, fees, and licenses	1,333,239	21,924	154,765	176,689	64,555	1,574,483
Depreciation and amortization	3,507,955	25,537	43,334	68,871	198,887	3,775,713
Other	204,832	224	5,881	6,105	5,226	216,163
<b>Total expense</b>	<b>\$ 163,002,647</b>	<b>\$ 16,051,252</b>	<b>\$ 14,142,465</b>	<b>\$ 30,193,717</b>	<b>\$ 10,528,687</b>	<b>\$ 203,725,051</b>

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, 2024**

	<b>Conservation Program</b>	<b>Fundraising</b>			<b>Management and General</b>	<b>Total</b>
		<b>Membership</b>	<b>Development</b>	<b>Total Fundraising</b>		
Salaries	\$ 59,919,204	\$ 1,760,002	\$ 7,521,516	\$ 9,281,518	\$ 4,428,833	\$ 73,629,555
Payroll taxes and fringe benefits	16,236,623	476,732	2,037,354	2,514,086	1,199,639	19,950,348
Travel and meetings	3,761,638	64,936	481,637	546,573	394,981	4,703,192
Postage and mailing	4,239,674	2,883,413	229,877	3,113,290	7,507	7,360,471
Grants and scholarships	7,614,296	831	17,797	18,628	4,147	7,637,071
Chapter grants and support	1,490,038	-	-	-	-	1,490,038
Professional services	26,784,505	3,902,892	1,411,110	5,314,002	1,343,674	33,442,181
Occupancy	4,397,259	102,280	319,751	422,031	606,825	5,426,115
Telecommunications	395,391	6,436	9,038	15,474	38,674	449,539
Maintenance and other rental fees	2,259,636	3,568	27,703	31,271	247,254	2,538,161
Supplies and equipment	3,648,557	94,486	89,609	184,095	332,284	4,164,936
Printing, promotion, and magazine	3,488,964	1,855,936	99,199	1,955,135	6,982	5,451,081
Membership fulfillment	704,276	793,071	105,987	899,058	436	1,603,770
Service bureaus	1,601,192	201,923	88,944	290,867	259,484	2,151,543
Insurance	1,428,723	7,165	32,910	40,075	446,123	1,914,921
Advertising	490,104	1,789,067	86,267	1,875,334	363	2,365,801
Subscriptions, dues, fees, and licenses	1,219,362	21,584	94,657	116,241	59,726	1,395,329
Depreciation and amortization	3,255,197	23,370	32,679	56,049	111,348	3,422,594
Other	121,122	-	-	-	1,810	122,932
<b>Total expense</b>	<b>\$ 143,055,761</b>	<b>\$ 13,987,692</b>	<b>\$ 12,686,035</b>	<b>\$ 26,673,727</b>	<b>\$ 9,490,090</b>	<b>\$ 179,219,578</b>

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

National Audubon Society, Inc.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years ended June 30,

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 19,366,349	\$ 5,595,901
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	3,579,921	3,244,390
Donated non-financial assets	-	(980,000)
Loss on disposals of land, buildings and equipment	85,622	167,964
Realized and unrealized gains on investments	(26,724,102)	(21,077,896)
Increase in beneficial interests in charitable trusts	(2,813,663)	(3,485,046)
Gains on sales of land, buildings and equipment	(40,070)	(6,900)
Change in provision for uncollectible receivables	1,998,374	(651,001)
Long-term contributions, bequests and additions to charitable trusts	(2,736,079)	(7,503,760)
Amortization of operating ROU lease assets	2,169,789	2,049,088
Changes in operating assets and liabilities:		
Increase in pledges and other accounts receivable	(30,422,453)	(1,678,907)
Increase in prepaid expenses and other assets	(229,980)	(905,115)
Increase in accounts payable, accrued expenses, funds held for others and obligations under charitable trusts	2,481,332	7,359,831
Increase (decrease) in deferred tuition and other	16,283	(1,395,258)
Increase (decrease) in pension and postretirement liability	688,712	(329,099)
Decrease in operating lease liabilities	(2,561,039)	(2,395,124)
Net cash used in operating activities	<u>(35,141,004)</u>	<u>(21,990,932)</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(70,703,026)	(19,918,006)
Proceeds from sales of investments	35,890,896	42,573,710
Purchases of land, buildings and equipment	(9,775,014)	(11,674,985)
Proceeds from sales of land, buildings and equipment	40,070	6,900
Net cash (used in) provided by investing activities	<u>(44,547,074)</u>	<u>10,987,619</u>
<b>Cash flows from financing activities:</b>		
Proceeds from contributions, bequests and charitable trusts restricted for:		
Endowment	352,756	4,033,391
Capital projects	2,023,066	3,055,834
Charitable trust additions	360,257	414,535
Principal payments on finance leases	(198,075)	(174,679)
Net cash provided by financing activities	<u>2,538,004</u>	<u>7,329,081</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(77,150,074)</u>	<u>(3,674,232)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>96,022,000</u>	<u>99,696,232</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 18,871,926</u></u>	<u><u>\$ 96,022,000</u></u>

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

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2025 and 2024**

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

The National Audubon Society (“Audubon”), incorporated in 1905, is a nonprofit conservation organization dedicated to protecting birds and the habitats they rely on, both now and for the future. We work throughout the Americas towards a future where birds thrive because Audubon is a powerful, diverse, and ever-growing force for conservation. Audubon has more than 800 staff working across the hemisphere.

Audubon’s strategic plan for fiscal years 2023-2028, called Flight Plan, orients the organization toward achieving a singular guiding star: halting, and ultimately reversing, the precipitous decline of birds across the Americas. Together as one Audubon, we aspire to alter the course of climate change and habitat loss, leading to healthier bird populations and reversing current trends in biodiversity loss. We do this by implementing on-the-ground conservation, influencing public and corporate policy, and building community among all those who recognize that what is good for birds is good for the Earth.

In fiscal year 2025, Audubon made significant, strategic investments to strengthen programs and operations, support people and communities, and expand its work across the hemisphere to advance mission-aligned priorities.

Audubon operates across 11 countries in the Western Hemisphere, with 15 state and regional U.S. offices, 32 Conservation Action Centers, and 29 sanctuaries. The organization supports over 400 independent active community chapters and 100 campus chapters and collaborates with hundreds of partners throughout the Americas.

Audubon has an unparalleled reach, connecting with millions of people each year to inform, inspire, and unite diverse communities in conservation efforts.

Audubon maximizes its conservation results by focusing on four areas critical for birds, people, and the planet:

- **Habitat Conservation:** Audubon works to conserve climate-resilient lands and waters from Canada to Chile, providing safe passage and sanctuary for migratory and resident birds.
- **Climate Action:** Audubon advances climate solutions that benefit birds, including the swift and responsible expansion of renewable energy to accelerate decarbonization, while advocating for natural systems that store carbon and conserve vital bird habitats.
- **Policy:** Audubon champions policy across the hemisphere to fund and support conservation and climate initiatives that meet the scale of challenges faced by birds and people.
- **Community Building:** Audubon is a vibrant and diverse community of millions of bird enthusiasts, chapters, and members working across the hemisphere to create a better world for birds and people.

***Audubon’s Conservation Program***

Audubon’s Conservation Program drives impactful solutions across these four priority areas. It provides overarching leadership, fosters an integrated strategy, and guides effective implementation.

The Conservation Program is organized into five teams that work together to achieve conservation outcomes aligned with Audubon’s strategic plan.

**North America and Latin America & Caribbean:** These two teams lead habitat conservation and climate action across their respective regions. They oversee country programs, as well as state and regional programs within the United States, to advance our conservation, policy, and community-building goals.

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

The teams include Audubon's Conservation Action Centers and Sanctuaries across U.S. communities which serve as the "front door" to Audubon, welcoming over 1 million visitors annually. Audubon has developed an integrated tool that these teams use to track progress toward our conservation goals.

**Policy:** The Policy team plays a catalytic role in achieving conservation and climate solutions that match the scale of current challenges. Through the Healthy Birds, Healthy Planet policy agenda, the team shapes impactful legislation, regulations, and public funding across the Americas, working at all levels of government. Audubon leverages its unique position as a bird-focused conservation organization—birds, as indicators of environmental change, resonate with people worldwide. As a science-driven and impact-oriented organization, Audubon maintains a nonpartisan approach.

**Community Building:** The Community Building team is dedicated to expanding and diversifying the Audubon network across the Americas. This robust coalition of members, chapters, and partners works seamlessly throughout the hemisphere to drive conservation impact through engaging 2.3 million supporters on policy, habitat conservation, and climate solutions. The team provides strategic leadership for our Conservation Action Centers and Sanctuaries, partnerships with Audubon community chapters and college campus programs, and initiatives aimed at engaging communities and cultivating the next generation of conservationists.

**Science:** The Science team conducts research and analysis to guide the development of our conservation strategies and reinforce Audubon's role as a science-driven conservation leader. Science establishes metrics to track progress across initiatives and prioritization mapping for on-the-ground conservation. The team leads three key program areas: community science, which includes the annual Christmas Bird Count; climate science, which assesses climate threats and identifies needed actions to protect birds and people; and the Migratory Bird Initiative, which secures the future of migratory birds in the Western Hemisphere by mitigating direct threats and safeguarding key habitats across the Americas, in collaboration with conservation and policy partners.

**Marketing & Communications** 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 have 3 million followers on our social platforms and reach 1.9 million supporters via channels including *Audubon* magazine, email marketing, and direct mail. We also engage with over 12 million unique visitors each year to audubon.org. Audubon owns and operates 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.

**Equity, Diversity, Inclusion and Belonging (EDIB):** At Audubon, we are committed to embedding Equity, Diversity, Inclusion, and Belonging (EDIB) throughout our organization, ensuring that our internal culture, policies, and programs align seamlessly with our conservation goals. As a strategic imperative, we recognize that our success relies on a diverse and engaged workforce capable of setting and achieving ambitious conservation objectives for the benefit of birds and people alike. Our EDIB initiatives aim to authentically engage communities through meaningful outreach, leadership development, and diverse partnerships, fostering an inclusive environment that inspires broader participation in habitat conservation efforts. We are dedicated to cultivating a workplace that prioritizes equity, fairness, and respect, free from discrimination based on race, color, religion, sex, age, sexual orientation, gender identity and expression, disability, national or ethnic origin, political affiliation, or veteran status. By championing EDIB, we strive to create a thriving community that reflects the diversity of the ecosystems we aim to protect.

**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 is exempt under Section 501(c)(4) of the U.S. Internal Revenue Code ("IRC"), and receives support from individuals and other contributors (see Note 12). Audubon Action Fund works to complement the work of Audubon, aiming to build bipartisan support for common-sense solutions to address today's greatest conservation threats.

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**The National Audubon Society Action Fund Political Action Committee** (“Audubon Action Fund PAC”) was established by Audubon Action Fund in May 2022 to facilitate political contributions by Audubon Action Fund’s restricted class. Audubon Action Fund PAC will support candidates who prioritize common-sense solutions to the greatest conservation challenges facing birds, people, and the places we need. Since Audubon Action Fund PAC is not a separate legal entity, its assets and liabilities are included in these consolidated financial statements as part of Audubon Action Fund.

**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, 2025 and 2024, Audubon incurred joint costs of approximately \$15,882,000 and \$14,994,000, respectively, for informational material and activities that included development appeals. Of those costs, approximately \$7,039,000 and \$6,740,000 were allocated to fundraising and approximately \$8,843,000 and \$8,254,000 were allocated to programs for the years ended June 30, 2025 and 2024, respectively.

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

***Organizational Structure and Consolidation***

The consolidated financial statements include the accounts of Audubon and the Audubon Action Fund. All intercompany accounts and transactions have been eliminated. In the fiscal years ended June 30, 2025 and 2024, Audubon Action Fund reported \$1,402,072 and \$1,777,186 of revenue, respectively (see Note 12).

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, 2025 and 2024.

***Chapters***

Audubon supports over 400 independent active community chapters and 100 campus chapters throughout the Americas. 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.

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**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 to the consolidated financial statements.

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 endowment funds as a percentage of the average of the rolling five year-end market values, subject to limitations where applicable under donor restrictions or regulatory requirements. The spending limits were 2.0% to 4.5% through fiscal year 2024, and amended to a flat rate of 5% for all funds, subject to donor or other restrictions where applicable, for fiscal year 2025.

***Prepaid Expenses and Other Assets***

Prepaid expenses and other assets include inventories of retail store merchandise of approximately \$455,000 and \$371,000 as of June 30, 2025 and 2024, 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 2025 and 2024.

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 2025 and 2024.

***Leases***

Audubon determines if an arrangement contains a lease at inception based on whether there is an identified asset and whether Audubon controls the use of the identified asset throughout the period of use.

Audubon classifies leases as either financing or operating. Right-of-use ("ROU") assets are recognized at the lease commencement date and represent Audubon's right to use an underlying asset for the lease term and lease liabilities represent Audubon's obligation to make lease payments arising from the lease. Lease

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments are discounted based on the risk-free rate. Expenses related to leases determined to be operating leases are recognized on a straight-line basis, while those determined to be finance leases are recognized following a front-loaded expense pattern in which interest and amortization are presented separately in the income statement.

Audubon assesses whether a lease is classified as an operating lease or a finance lease at lease commencement.

Audubon's ROU assets are initially measured based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred and (iii) lease incentives under the lease. Options to renew or terminate the lease are recognized as part of our ROU assets and lease liabilities when it is reasonably certain the options will be exercised. ROU assets are also assessed for impairments consistent with the long-lived asset guidance.

Audubon does not allocate consideration between lease and non-lease components, such as operating costs, as Audubon has elected to not separate lease and non-lease components for any leases within its existing classes of assets. Operating lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. Variable lease payments for usage-based fees are not included in the measurement of the ROU assets or lease liabilities and are expensed as incurred.

***Buildings and Equipment***

Property, plant and equipment are stated at cost at the date of acquisition or at fair value at the date of donation. Depreciation of property, plant and equipment is recorded on a straight-line basis over the estimated useful lives of the assets.

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.

Depreciation and amortization are provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Buildings and building improvements	10 – 40 years
Equipment	3 – 10 years
Land improvements	10 – 40 years
Leasehold improvements	Lesser of lease term or 5 – 40 years

***Land***

Land consists of approximately 106,679 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 of Financial Assets***

Contribution 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 accounts for such transactions as conditional contract and grants and recognizes revenue when the related barrier to entitlement has been overcome.

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

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. 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 the respective long-lived assets are placed in service.

***Contributions of Nonfinancial Assets***

Audubon receives gifts of nonfinancial assets in the form of donated goods, services and land. Such gifts are recognized at their estimated fair value based upon independent appraisals or similar valuations at the date of donation. Donated services are evaluated to determine if they meet the criteria for recognition in the consolidated financial statements. Audubon does not monetize such assets.

A number of volunteers donate substantial amounts of time to Audubon's program services. The value of this contributed time does not meet the criteria for recognition as contributed services in accordance with U.S. GAAP and, accordingly, is not reflected in the accompanying consolidated financial statements.

***Earned Income***

Earned income includes advertising revenue, tuition and admission revenue, retail sales and program revenue. Revenue is recorded when the events take place or at the point in time when services are rendered.

***Receivables***

Receivables primarily consist of contributions receivable and 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 \$5,535,000 and \$3,537,000 as of June 30, 2025 and 2024, respectively. Such estimated allowances are based on management's assessment of the credit worthiness of its donors, the aged basis of the receivables, and current 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, 2025 and 2024, funds held for others included \$9,280,336 and \$8,239,578, 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.



**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

***Fair Value Measurements***

The Financial Accounting Standards Board issued Accounting Standards Codification 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 U.S. GAAP, 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 exempt 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.

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

***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. The more significant estimates made by Audubon involve net realizable values of contributions receivable, the valuation of certain investments, the valuation of ROU assets and lease liabilities, and present values of annuity payment obligations. 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 reported within non-operating activities. Charitable trust contributions, the change in value of charitable trusts, pension and post-retirement 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***

Subsequent to fiscal year end, Audubon entered into an unsecured revolving line of credit agreement with a bank. The agreement allows for aggregate borrowings of \$15,000,000. Outstanding borrowings are due on demand and bear interest at a variable rate equal to the Term SOFR (Secured Overnight Financing Rate) plus CSA (Credit spread adjustment) of 10 basis points plus 82 basis points rate. An unused commitment fee of 12.5 basis points applies to the average daily unused portion of the line. The agreement matures on October 15, 2026.

Audubon has evaluated, for potential recognition and disclosure, events subsequent to the consolidated statement of financial position date of June 30, 2025 through November 18, 2025, the date the consolidated financial statements were available to be issued. Audubon is not aware of any other subsequent events that would require recognition or disclosure in the consolidated financial statements.

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**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 Investment Policy Statement. 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, 2025 and 2024, there were no donor-endowment funds whose fair value was below the original gift amount.

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

Changes in endowment and quasi-endowment net assets, excluding land to be held in perpetuity of approximately \$11,180,000 for the years ended June 30, 2025 and 2024, were as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ 32,178,570	\$ 181,204,260	\$ 213,382,830
Investment return, net	3,146,777	16,565,185	19,711,962
Amounts appropriated for expenditure	(1,635,264)	(6,371,501)	(8,006,765)
Contributions	-	63,420	63,420
Bequests	-	286,817	286,817
Transfers and other adjustments	-	(927,480)	(927,480)
Net assets, end of year	<u>\$ 33,690,083</u>	<u>\$ 190,820,701</u>	<u>\$ 224,510,784</u>

  

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ 30,978,463	\$ 167,746,764	\$ 198,725,227
Investment return, net	2,732,598	14,977,118	17,709,716
Amounts appropriated for expenditure	(1,557,491)	(5,553,013)	(7,110,504)
Contributions	25,000	1,005,847	1,030,847
Bequests	-	2,950,706	2,950,706
Transfers and other adjustments	-	76,838	76,838
Net assets, end of year	<u>\$ 32,178,570</u>	<u>\$ 181,204,260</u>	<u>\$ 213,382,830</u>

Endowment net assets of \$224,510,784 and \$213,382,830 as of June 30, 2025 and 2024, 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, 2025 and 2024 are available as shown below:

	2025	2024
Conservation programs	\$ 177,184,589	\$ 171,442,862
Time restrictions	51,171,497	25,864,909
Restricted in perpetuity	121,978,690	119,105,060
	<u>\$ 350,334,776</u>	<u>\$ 316,412,831</u>

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

Net assets released from donor restrictions during the years ended June 30, 2025 and 2024 in satisfaction of donor time and use restrictions were as follows:

	2025	2024
Conservation programs	\$ 36,113,080	\$ 34,725,527
Time restrictions	720,335	1,117,153
	<u>\$ 36,833,415</u>	<u>\$ 35,842,680</u>

Certain amounts in the 2024 tables above were reclassified to conform to the 2025 presentation.

**NOTE 4 - RECEIVABLES**

Receivables consist of the following as of June 30, 2025 and 2024:

	2025	2024
Unconditional pledges receivable		
Due in one year or less	\$ 17,719,109	\$ 17,753,871
Due in one to five years	31,480,686	8,030,711
	<u>49,199,795</u>	<u>25,784,582</u>
Total due	49,199,795	25,784,582
Less: allowance for uncollectible pledges	<u>(5,134,800)</u>	<u>(3,136,426)</u>
Total pledges receivable, net	44,064,995	22,648,156
Other receivables (net of allowance of \$400,554 at June 30, 2025)	<u>27,005,871</u>	<u>19,998,631</u>
	<u>\$ 71,070,866</u>	<u>\$ 42,646,787</u>

One pledge represented 65% of total pledge receivables as of June 30, 2025.

Audubon received new conditional pledges of \$0 and \$575,000 during the years ended June 30, 2025 and 2024, respectively. Audubon has recorded revenue of approximately \$288,000 and \$390,000 for the years ended June 30, 2025 and 2024, respectively, the extent to which the conditions on the pledges have been met. As of June 30, 2025 and 2024, Audubon had conditional pledges outstanding of \$0 and approximately \$288,000, respectively. Pledge payments due over the ensuing one to two years are conditional based on progress and reporting satisfactory to the donor.

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Audubon's investments consisted of the following as of June 30, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 3,178,507	\$ 2,851,311
Equities	158,565,162	125,492,688
Fixed income	54,586,380	39,806,038
Equities - international	18,093,881	12,507,575
Equities - emerging markets	609,223	653,717
Common trust funds	10,865,642	9,917,369
Fixed income - long/short	3,516,991	3,249,209
Fixed income - private	2,270,552	3,401,439
Real assets - private	7,492,830	6,910,749
Private equity	73,851,767	66,704,609
	<u>\$ 333,030,935</u>	<u>\$ 271,494,704</u>

As of June 30, 2025, none of Audubon's investments was in excess of 10% of the fair value of Audubon's total investments. As of June 30, 2024, there was one investment which was approximately 12% of Audubon's total investments.

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, 2025 and 2024 are classified in the tables below as follows:

	2025			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments:				
Equities	\$ 4,243,925	\$ -	\$ -	\$ 4,243,925
Fixed income	-	54,586,380	-	54,586,380
Equities - international	1,369,206	-	-	1,369,206
Equities - emerging markets	609,223	-	-	609,223
	6,222,354	54,586,380	-	60,808,734
Cash and cash equivalents	-	-	-	3,178,507
Investments measured at NAV	-	-	-	269,043,694
Subtotal investments	-	-	-	333,030,935
Beneficial interest in trusts	-	-	45,353,307	45,353,307
Total assets	<u>\$ 6,222,354</u>	<u>\$ 54,586,380</u>	<u>\$ 45,353,307</u>	<u>\$ 378,384,242</u>
<b>Liabilities</b>				
Obligations under charitable trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,623,341</u>	<u>\$ 7,623,341</u>

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

	2024			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments:				
Equities	\$ 15,447,819	\$ -	\$ -	\$ 15,447,819
Fixed income	-	39,806,038	-	39,806,038
Equities - international	1,056,267	-	-	1,056,267
Equities - emerging markets	653,717	-	-	653,717
	17,157,803	39,806,038	-	56,963,841
Cash and cash equivalents	-	-	-	2,851,311
Investments measured at NAV	-	-	-	211,679,552
Subtotal investments	-	-	-	271,494,704
Beneficial interest in trusts	-	-	42,539,644	42,539,644
Total assets	<u>\$ 17,157,803</u>	<u>\$ 39,806,038</u>	<u>\$ 42,539,644</u>	<u>\$ 314,034,348</u>
<b>Liabilities</b>				
Obligations under charitable trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,666,303</u>	<u>\$ 7,666,303</u>

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

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

The following tables list investments valued at NAV as of June 30, 2025 and 2024:

Name/Type	NAV of Funds	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Equities	\$ 171,045,912	\$ -	Weekly/Monthly with 5/10/30 days' notice. One fund monthly with 45 days' notice.  One fund every 3 years on anniversary of purchase.  One fund monthly on the last business day One fund monthly with 4 days' notice. One fund daily  One fund quarterly with 90 days' notice.  At least 45 Calendar days' notice	N/A 25% Monthly Liquidity of 10% available in years 1 & 2 and 7.5% in year 3. Remainder available at the end of the lock-up period. Each withdrawal request must be in the minimum amount of \$100,000. One year hard lock-up with a 25% Monthly gate. N/A One year hard lock-up and 2 year soft lock-up with a 25% gate. No more than 25% of the Limited Partner's Capital Account.
Fixed income - private	2,270,552	670,630	Illiquid	Not permitted to withdraw.
Common trust funds	10,865,642	-	Daily/Monthly	N/A
Fixed income - long/short	3,516,991	-	Semi-annually with 90 days' notice. One fund monthly with 30 days' notice.	N/A N/A
Real assets - private	7,492,830	1,728,045	Illiquid	Not permitted to withdraw.
Private equity	26,971,197	-	Monthly; Quarterly	N/A; 10-25% investor-level gate.
Private equity and venture capital	<u>46,880,570</u>	<u>23,871,179</u>	Illiquid	Not permitted to withdraw.
	<u>\$ 269,043,694</u>	<u>\$ 26,269,854</u>		



**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

Name/Type	NAV of Funds	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Equities	\$121,496,177	\$ -	Weekly/Monthly with 10 days' notice One fund every 3 years on anniversary of purchase.  One fund monthly on the last business day One fund monthly with 4 days' notice One fund daily  One fund quarterly with 90 days' notice At least 45 Calendar days' notice	N/A Liquidity of 10% available in years 1 & 2 and 7.5% in year 3. Remainder available at the end of the lock-up period Each withdrawal request must be in the minimum amount of \$100,000 One year hard lock-up with a 25% Monthly gate N/A One year hard lock-up and 2 year soft lock-up with a 25% gate No more than 25% of the Limited Partner's Capital Account
Fixed income - private	3,401,439	670,630	Illiquid	Not permitted to withdraw.
Common trust funds	9,917,369	-	Daily/Monthly	N/A
Fixed income - long/short	3,249,209	-	Semi-annually with 90 days' notice One fund monthly with 30 days' notice	N/A N/A
Real assets - private	6,910,749	2,095,424	Illiquid	Not permitted to withdraw
Private equity	28,530,682	-	Monthly; Quarterly; Illiquid	N/A; 10-25% investor-level gate; Not Permitted to Withdraw
Private equity and venture capital	<u>38,173,927</u>	<u>22,840,734</u>	Illiquid	Not permitted to withdraw
	<u><u>\$211,679,552</u></u>	<u><u>\$ 25,606,788</u></u>		

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**NOTE 6 - LAND, BUILDINGS AND EQUIPMENT**

Land, buildings and equipment consisted of the following at June 30, 2025 and 2024:

	2025	2024
Buildings and building improvements	\$ 58,429,298	\$ 54,791,818
Equipment	14,503,772	14,354,977
Leasehold improvements	23,377,709	23,351,109
Construction in progress (Note 8)	18,391,388	13,582,178
Artwork	475,753	526,053
	<u>115,177,920</u>	<u>106,606,135</u>
Accumulated depreciation and amortization	<u>(58,921,474)</u>	<u>(56,459,162)</u>
Buildings and equipment, net	<u>\$ 56,256,446</u>	<u>\$ 50,146,973</u>
Land	<u>\$ 106,405,783</u>	<u>\$ 106,405,783</u>

Included in net assets with donor restrictions is land to be held in perpetuity of approximately \$11,180,000 as of June 30, 2025 and 2024 (see Note 3). Included in net assets without donor restrictions is land of approximately \$95,225,000 as of June 30, 2025 and 2024. 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. There was no land purchased or donated to Audubon during the year ended June 30, 2025. Land purchased or donated to Audubon during the year ended June 30, 2024 totaled approximately \$2,423,000 and \$930,000, respectively.

**NOTE 7 - GIFTS OF NONFINANCIAL ASSETS**

For the years ended June 30, 2025 and 2024, Audubon received gifts of nonfinancial assets of \$5,423,747 and \$6,150,932, respectively.

Included in gifts of nonfinancial assets is approximately \$4.3 million and \$4.9 million, for 2025 and 2024, respectively, of donated services, in the form of technology licenses, which provide a platform for Audubon to create, analyze, and map geospatial data, including for use by Audubon's landmark app, the Bird Migration Explorer. The licenses were valued based on quoted prices from the provider. \$4,299,700 and \$4,982,175 was recognized in the consolidated statement of activities and was utilized in programmatic activities for 2025 and 2024, respectively. In addition, in 2025, \$8,000 is for a donated vehicle and \$1,003,511 are for donated pro bono legal services. In 2024, \$930,000 was for donated land and \$50,000 for donated art portfolio which are programmatic in nature and \$174,113 for pro bono legal services. The remaining \$112,536 and \$14,643 in 2025 and 2024, respectively, was comprised of various donated goods and services primarily used in program work and fundraising. The aforementioned donated land has donor-imposed restrictions to be permanently restricted. There were no donor-imposed restrictions associated with the contributed nonfinancial assets for the years ended June 30, 2025 or 2024.

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**NOTE 8 - LEASES, COMMITMENTS AND CONTINGENCIES**

The components of lease cost for the year ended June 30, 2025 and 2024 are as follows:

	2025	2024
Operating lease costs	\$ 3,012,702	\$ 3,107,270
Finance lease costs		
Amortization of ROU assets	197,194	178,203
Interest on lease liabilities	7,683	11,364
Variable lease costs	367,087	327,560
Short-term lease costs	440,292	415,346
	<u>                    </u>	<u>                    </u>
Total	\$ 4,024,958	\$ 4,039,743

Supplemental cash flow information related to leases during 2025 and 2024 was as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 3,601,146	\$ 3,631,510
Operating cash flows from finance leases	7,683	11,364
Financing cash flows from finance leases	198,075	174,679
Supplemental disclosure of noncash leasing activities		
ROU obtained in exchange for new operating lease liabilities	\$ 632,457	\$ 677,283
ROU obtained in exchange for new finance lease liabilities	50,924	135,654

The following table represents the weighted-average remaining lease term and discount rate as of June 30, 2025 and 2024:

	2025		2024	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Weighted average remaining lease term (years)	4.77	1.52	5.22	2.06
Weighted average discount rate	2.97%	3.56%	2.93%	3.36%

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

Future undiscounted lease payments for Audubon's operating and finance lease liabilities are as follows as of June 30, 2025:

	Operating Leases	Finance Leases
2026	\$ 3,467,571	\$ 110,674
2027	3,260,690	22,481
2028	1,669,845	10,056
2029	537,714	1,988
2030	464,811	1,017
Thereafter	2,210,537	-
Total future lease payments	11,611,168	146,216
Less: imputed interest	(839,860)	(3,686)
Present value of lease liabilities	<u>\$ 10,771,308</u>	<u>\$ 142,530</u>

In October 2025, Audubon amended its existing lease agreements for office space at its New York and District of Columbia locations. The amended New York lease has a term of seven years, with monthly lease payments of approximately \$208,000, subject to annual escalation clauses. The District of Columbia amendment expands the space leased starting July 1, 2026, and has a term of 10 years, with monthly lease payments of approximately \$26,000, subject to annual escalation clauses.

As of June 30, 2025 and 2024, 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 \$274,126 as of June 30, 2025 and \$274,099 as of June 30, 2024, is included in prepaid expenses and other assets in the accompanying consolidated statements of financial position and secures this letter of credit.

Audubon is in the process of developing and improving several nature centers, which are in various stages of completion. As of June 30, 2025 and 2024, Audubon had remaining commitments on construction and related agreements amounting to approximately \$3,378,000 and \$9,283,000, 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 consolidated financial position, changes in net assets or cash flows.

During 2025, Audubon received approximately \$12.3 million of federal grants which may be subject to audit by federal agencies. Audubon is of the opinion that disallowances, if any, would not have a significant effect on Audubon's consolidated financial position, changes in net assets or cash flows.

**NOTE 9 - PENSION AND OTHER RETIREMENT BENEFIT PLANS**

**403(b) 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. Audubon provides a 4% contribution of eligible compensation and an additional matching contribution of up to another 4% of eligible compensation, both subject to plan limitations. Employer contributions, both nonelective and matching, vest using a three-year graded schedule. For the years ended

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

June 30, 2025 and 2024, Audubon contributed approximately \$5,512,000 and \$4,564,000, respectively, to this retirement plan.

***457(b) Plan***

Audubon maintains deferred compensation plans to provide certain employees with the benefit of additional tax-deferred retirement savings opportunities. The annual 457(b) deferral limitation for calendar years 2025 and 2024 was \$23,500 and \$23,000, respectively. These plans are entirely funded by employee salary deferrals. Plan assets and liabilities pertaining to the 457(b) plan are \$1.7 million and \$1.5 million as of June 30, 2025 and 2024, respectively, which are immaterial to the accompanying consolidated financial statements, and have not been recognized in Audubon's consolidated statement of financial position.

***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 five 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.

In January 2021, the Cash Balance Plan was amended (1) to allow in-service distributions for staff who are still Audubon employees once they have reached age 59.5 years, (2) allow any participants who have left Audubon to claim a lump sum or begin an annuity at any time, rather than waiting until retirement age, and (3) provide guidance to planned actuaries and administrators for participants who cannot be located.

In February 2025, the Cash Balance Plan was amended to terminate the plan effective April 30, 2025 with payouts expected to occur at the end of calendar year 2025.

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

***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 is 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 is 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, 2025 and 2024:

	2025		2024	
	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	\$ 8,970,164	\$ 74,647	\$ 9,930,907	\$ 90,150
Service costs	-	-	-	-
Interest cost	450,304	3,290	464,882	2,754
Participant contributions and retiree drug subsidy	-	108,609	-	89,678
Actuarial loss (gain)	721,268	(450)	(357,083)	13,199
Benefits paid and expenses	(473,020)	(127,104)	(464,987)	(121,134)
Settlements	(584,080)	-	(603,555)	-
Benefit obligation, end of year	9,084,636	58,992	8,970,164	74,647
Change in plan assets				
Plan assets, beginning of year	\$ 9,484,882	\$ -	\$ 10,132,029	\$ -
Annual return	469,202	-	534,784	-
Employer contributions	-	18,495	-	31,456
Participant contributions and retiree drug subsidy	-	108,609	-	89,678
Benefits paid and expenses	(473,020)	(127,104)	(464,987)	(121,134)
Settlements	(586,077)	-	(716,944)	-
Plan assets, end of year	8,894,987	-	9,484,882	-
Funded status	\$ (189,649)	\$ (58,992)	\$ 514,718	\$ (74,647)
Accumulated benefit obligation	\$ 9,084,636	\$ 58,992	\$ 8,970,164	\$ 74,647

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

Amounts recognized as a liability in the accompanying consolidated statements of financial position consisted of the following as of June 30, 2025 and 2024:

	2025		
	Cash Balance Plan	Retiree Medical and Life Plan	Total
(Pension funded status)/pension plan obligation	\$ (189,649)	\$ 58,992	\$ (130,657)

  

	2024		
	Cash Balance Plan	Retiree Medical and Life Plan	Total
(Pension funded status)/pension plan obligation	\$ (514,718)	\$ 74,647	\$ (440,071)

The following table provides the components of net periodic benefit cost for the plans for the years ended June 30, 2025 and 2024:

	2025		2024	
	Cash Balance Plan	Retiree Medical and Life Plan	Cash Balance Plan	Retiree Medical and Life Plan
Service costs	\$ 7,813	\$ -	\$ 10,212	\$ -
Interest costs	450,304	3,290	464,882	2,754
Expected return on plan assets	(517,999)	-	(555,261)	-
Amortization of prior service costs	-	-	-	-
Amortization of net loss (gain)	8,206	(69,990)	88,652	(89,060)
Net periodic benefit cost (credit)	\$ (51,676)	\$ (66,700)	\$ 8,485	\$ (86,306)

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

The components of the unfunded liability as of June 30, 2025 and 2024 but not yet reflected in net periodic benefit cost consisted of the following:

	2025		2024	
	Cash Balance Plan	Retiree Medical and Life Plan	Cash Balance Plan	Retiree Medical and Life Plan
Prior service credit	\$ (1,633,680)	\$ -	\$ (983,124)	\$ -
Accumulated (loss)/gain	<u>-</u>	<u>219,283</u>	<u>-</u>	<u>288,824</u>
Amounts recognized in net assets without donor restrictions	(1,633,680)	219,283	(983,124)	288,824
Cumulative employer contributions in excess of net periodic benefit cost	<u>1,444,031</u>	<u>(278,275)</u>	<u>1,497,842</u>	<u>(363,471)</u>
Net amount recognized in the consolidated statement of financial position	<u>\$ (189,649)</u>	<u>\$ (58,992)</u>	<u>\$ 514,718</u>	<u>\$ (74,647)</u>

For the years ended June 30, 2025 and 2024, Audubon recognized pension and postretirement related changes other than net periodic (costs) benefit of \$(825,483) and \$219,822, respectively. Such amounts represent the change in the amounts reflected in net assets without donor restrictions for the years ended June 30, 2025 and 2024 and consist of \$(755,943) and \$322,081 for the Cash Balance Plan, respectively, and \$(69,540) and \$(102,259), respectively, for the Retiree Medical and Life plan.

Other changes in plan assets and benefit obligations recognized in the change in net assets without donor restrictions for the years ended June 30, 2025 and 2024 are as follows:

	2025		2024	
	Cash Balance Plan	Retiree Medical and Life Plan	Cash Balance Plan	Retiree Medical and Life Plan
Net (gain)/loss arising during period	\$ 762,252	\$ (450)	\$ (346,818)	\$ 13,199
Amortization of prior service credit	-	69,990	-	89,060
Amortization of actuarial loss	(8,306)	-	(88,652)	-
Effect of settlement/curtailment	<u>(103,390)</u>	<u>-</u>	<u>34,824</u>	<u>-</u>
Change in net assets without donor restrictions	<u>\$ 650,556</u>	<u>\$ 69,540</u>	<u>\$ (400,646)</u>	<u>\$ 102,259</u>
Total recognized in net periodic benefit cost and net assets without donor restrictions	<u>\$ 704,367</u>	<u>\$ 2,840</u>	<u>\$ (313,596)</u>	<u>\$ 15,953</u>

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 \$72,464, and there is no amortization pursuant to a prior service cost or credit. The estimated actuarial gain for the Retiree



**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

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 is \$(56,601) and there is no amortization of prior service cost.

The weighted-average assumptions used to determine benefit obligations as of June 30, 2025 and 2024 consisted of the following:

	2025		2024	
	Cash Balance Plan	Retiree Medical and Life Plan	Cash Balance Plan	Retiree Medical and Life Plan
Discount rate	4.81%	4.44%	5.25%	5.03%

The weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30, 2025 and 2024 consisted of the following:

	2025		2024	
	Cash Balance Plan	Retiree Medical and Life Plan	Cash Balance Plan	Retiree Medical and Life Plan
Discount rate	5.25%	5.03%	4.87%	4.87%
Expected return on plan assets	5.90%	N/A	5.70%	N/A
Medical cost trend rate	N/A	6.50%	N/A	6.50%

The assumed health care cost trend rate at June 30, 2025 and 2024 consisted of the following:

	2025		2024	
	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	6.25%	N/A	6.50%
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	2032	N/A	2032

Audubon contributed \$16,008 and \$18,495 to its Retiree Medical and Life Plan during the years ended June 30, 2025 and 2024, respectively.

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

Future benefit payments are expected to be as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Cash Balance Plan</u>	<u>Retiree Medical and Life Plan</u>
2026	\$ 9,085,000	\$ 16,000
2027	-	13,000
2028	-	10,000
2029	-	7,000
2030	-	5,000
2031 to 2035	-	14,000
Total	<u>\$ 9,085,000</u>	<u>\$ 65,000</u>

The weighted-average asset allocation of the Cash Balance Plan as of June 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	17.54%	29.21%
Equities	-	24.21
Fixed income	82.46	46.58
	<u>100.00%</u>	<u>100.00%</u>

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 given 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 target allocation was adjusted to factor in the plan termination.

The fair value hierarchy defines three levels, as further described in Note 2. Cash Balance Plan assets measured at fair value at June 30, 2025 and 2024 are classified within the fair value hierarchy in the tables as follows:

	<u>2025</u>	
	<u>Level 1</u>	<u>Total</u>
Investments		
Fixed income	<u>\$ 7,334,446</u>	<u>\$ 7,334,446</u>
	<u>\$ 7,334,446</u>	7,334,446
Cash and cash equivalents		<u>1,560,541</u>
Total assets carried at fair value		<u>\$ 8,894,987</u>

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

	2024	
	Level 1	Total
Investments		
Equities	\$ 2,296,009	\$ 2,296,009
Fixed income	4,417,797	4,417,797
	<u>\$ 6,713,806</u>	6,713,806
Cash and cash equivalents		<u>2,771,078</u>
Total assets carried at fair value		<u>\$ 9,484,884</u>

**NOTE 10 - CHARITABLE TRUST AGREEMENTS**

*Beneficial interest in charitable trust held by third-party trustees*

Beneficial interests in charitable trusts held by third-party trustees totaled \$45,353,306 and \$42,539,644 as of June 30, 2025 and 2024, respectively. Such assets are classified as Level 3 within the fair value hierarchy and changes in such assets during the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Balance, at beginning of year	\$ 42,539,644	\$ 39,054,598
Trust distributions	-	(46,962)
Change in fair value	<u>2,813,663</u>	<u>3,532,008</u>
Balance, at end of year	<u>\$ 45,353,307</u>	<u>\$ 42,539,644</u>

Obligations under charitable trusts held by third-party trustees are designated as Level 3 within the fair value hierarchy and changes in such obligations during the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Balance, at beginning of year	\$ 7,666,303	\$ 7,702,319
New agreements	(423,860)	557,572
Payments to annuitants	(220,513)	17,660
Change in value due to actuarial valuations	<u>601,411</u>	<u>(611,248)</u>
Balance, at end of year	<u>\$ 7,623,341</u>	<u>\$ 7,666,303</u>

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

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**Beneficial interest in charitable trusts held by Audubon as trustee**

Beneficial interests in charitable trusts held by Audubon as trustee are included in investments in the accompanying consolidated statements of financial position, and are comprised of the following at June 30, 2025 and 2024:

	2025	2024
Held by Audubon as trustee		
Charitable gift annuities	\$ 14,180,708	\$ 13,181,526
Pooled income fund	852,340	813,904
	<u>\$ 15,033,048</u>	<u>\$ 13,995,430</u>

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 \$7,623,341 and \$7,666,303 as of June 30, 2025 and 2024, respectively.

In addition, 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 approximately \$4.7 million and \$4.3 million is not included in the accompanying consolidated financial statements as of June 30, 2025 and 2024, respectively.

Beneficial interests in trusts held by third-party trustees are classified within Level 3 of the fair value hierarchy. Beneficial interests in perpetual trusts are valued using the fair value of the assets in the trust as a practical expedient unless facts and circumstances indicate that the fair value of the assets in the trust differs from the fair value of the beneficial interests.

**NOTE 11 - 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.

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. In addition, Audubon has available a \$15 million line of credit with a bank, effective in October 2025 (see Note 2).

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) at one-quarter to one-half of its unrestricted annual operating budget.

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

The following table represents financial assets available within one year for general expenditure at June 30, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 18,871,926	\$ 96,022,000
Other receivables, net	27,005,871	19,998,631
Pledges receivable, net	44,064,995	22,648,156
Investments	<u>333,030,935</u>	<u>271,494,704</u>
	422,973,727	410,163,491
Less:		
Net assets with donor restrictions, except for beneficial interest in charitable trust and land with donor restrictions	<u>293,801,006</u>	<u>262,692,724</u>
Total financial assets available for general expenditure within one year	<u><u>\$ 129,172,721</u></u>	<u><u>\$ 147,470,767</u></u>

Included within the total financial assets available for general expenditure within one-year is board-designated endowment net assets of \$34 million and \$32 million as of June 30, 2025 and 2024, respectively, that require board approval to be applied against general expenditures.

**NOTE 12 - NATIONAL AUDUBON SOCIETY ACTION FUND**

Included in the accompanying consolidated statements of financial position as of June 30, 2025 and 2024 and accompanying consolidated statements of activities for the years then ended are the following amounts pertaining to Audubon Action Fund.

	2025	2024
Assets		
Cash and cash equivalents	\$ 1,667,325	\$ 1,657,685
Prepaid expenses and other assets	445	445
Intercompany receivable	<u>114,817</u>	<u>-</u>
Total assets	<u><u>\$ 1,782,587</u></u>	<u><u>\$ 1,658,130</u></u>
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 33,514	\$ 233,101
Intercompany payable	<u>-</u>	<u>193,105</u>
Total liabilities	<u>33,514</u>	<u>426,206</u>
Net assets		
Without donor restrictions	1,250,255	733,106
With donor restrictions	<u>498,818</u>	<u>498,818</u>
Total net assets	<u>1,749,073</u>	<u>1,231,924</u>
Total liabilities and net assets	<u><u>\$ 1,782,587</u></u>	<u><u>\$ 1,658,130</u></u>

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

	2025		
	Without Donor Restriction	With Donor Restriction	Total
Revenues			
Contributions and grants	\$ 1,349,152	\$ -	\$ 1,349,152
Investment earnings on non-pooled funds, net	52,920	-	52,920
Net assets released from restriction	-	-	-
Total revenue	1,402,072	-	1,402,072
Expenses			
Conservation program	834,570	-	834,570
Total program expense	834,570	-	834,570
Fundraising			
Membership	-	-	-
Development	26,036	-	26,036
Total development expense	26,036	-	26,036
Management and general	24,317	-	24,317
Total expenses	884,923	-	884,923
CHANGES IN NET ASSETS	517,149	-	517,149
Net assets, beginning of year	733,106	498,818	1,231,924
Net assets, end of year	\$ 1,250,255	\$ 498,818	\$ 1,749,073

**National Audubon Society, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Revenues			
Contributions and grants	\$ 1,745,818	\$ -	\$ 1,745,818
Investment earnings on non-pooled funds, net	31,368	-	31,368
Net assets released from restriction	64,546	(64,546)	-
Total revenue	1,841,732	(64,546)	1,777,186
Expenses			
Conservation program	1,582,159	-	1,582,159
Total program expense	1,582,159	-	1,582,159
Fundraising			
Membership	-	-	-
Development	30,663	-	30,663
Total development expense	30,663	-	30,663
Management and general	24,514	-	24,514
Total expenses	1,637,336	-	1,637,336
CHANGES IN NET ASSETS	204,396	(64,546)	139,850
Net assets, beginning of year	528,710	563,364	1,092,074
Net assets, end of year	\$ 733,106	\$ 498,818	\$ 1,231,924