



Seattle Audubon Society

Financial Statements
Years Ended June 30, 2020 and 2019

Seattle Audubon Society

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Independent Auditor's Report

To the Board of Directors
Seattle Audubon Society
Seattle, Washington

Report on Financial Statements

We have audited the accompanying financial statements of Seattle Audubon Society, which comprise the statements of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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.



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Opinion

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

Other Matter - Prior-Period Financial Statements

The financial statements of Seattle Audubon Society as of, and for the year ended June 30, 2019, were audited by Peterson Sullivan LLP, whose partners and professional staff joined BDO USA, LLP as of November 1, 2019, and has subsequently ceased operations. Peterson Sullivan LLP expressed an unmodified opinion on those financial statements in their report dated August 30, 2019.

BDO USA, LLP

January 5, 2021

Financial Statements

Seattle Audubon Society
Statements of Financial Position

<i>June 30,</i>	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 372,979	\$ 249,080
Accounts receivable	10,110	12,008
Grants and contributions receivable	13,300	22,867
Inventory	282,738	278,358
Prepaid expenses	15,361	4,381
Total Current Assets	694,488	566,694
Investments	412,447	468,912
Investments held for endowments	2,043,810	2,074,038
Property and equipment, net	268,493	289,184
Land held for conservation	221,300	221,300
Total Assets	\$ 3,640,538	\$ 3,620,128
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 28,480	\$ 46,219
Accrued payroll, benefits, and taxes	90,183	71,833
Deferred revenue	-	138,663
Total Current Liabilities	118,663	256,715
Loan payable - Paycheck Protection Program	142,600	-
Total Liabilities	261,263	395,378
Net Assets		
Without donor restrictions	1,296,803	1,210,397
With donor restrictions	2,082,472	2,153,016
Total Net Assets	3,379,275	3,363,413
Total Liabilities and Net Assets	\$ 3,640,538	\$ 3,620,128

See accompanying notes to financial statements.

Seattle Audubon Society

Statements of Activities

Year Ended June 30,	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 337,864	\$ 13,394	\$ 351,258	\$ 236,141	\$ 27,011	\$ 263,152
Grants	10,932	54,725	65,657	10,932	121,951	132,883
Bequests	35,008	-	35,008	-	-	-
In-kind contributions	24,465	-	24,465	21,850	-	21,850
Membership dues	137,300	-	137,300	104,757	-	104,757
Retail sales, net of cost of goods sold	201,549	-	201,549	171,114	-	171,114
Program fees	178,559	-	178,559	170,643	-	170,643
Investment return	16,720	66,140	82,860	32,384	119,116	151,500
	942,397	134,259	1,076,656	747,821	268,078	1,015,899
Net assets released from restrictions	204,803	(204,803)	-	288,209	(288,209)	-
Total Support and Revenue	1,147,200	(70,544)	1,076,656	1,036,030	(20,131)	1,015,899
Expenses						
Program services	693,374	-	693,374	807,346	-	807,346
Management and general	199,300	-	199,300	178,071	-	178,071
Fundraising	168,120	-	168,120	208,007	-	208,007
Total Expenses	1,060,794	-	1,060,794	1,193,424	-	1,193,424
Change in Net Assets	86,406	(70,544)	15,862	(157,394)	(20,131)	(177,525)
Net Assets, beginning of year	1,210,397	2,153,016	3,363,413	1,367,791	2,173,147	3,540,938
Net Assets, end of year	\$ 1,296,803	\$ 2,082,472	\$ 3,379,275	\$ 1,210,397	\$ 2,153,016	\$ 3,363,413

See accompanying notes to financial statements.

Seattle Audubon Society
Statement of Functional Expenses

<i>Year Ended June 30, 2020</i>	Program Services	Management and General	Fundraising	Total
Personnel	\$ 460,637	\$ 138,444	\$ 85,386	\$ 684,467
Retail sales, cost of goods sold	317,262	-	-	317,262
Professional fees	67,226	24,769	24,398	116,393
Office	48,821	6,045	42,637	97,503
Bank fees, licenses, and taxes	29,381	3,719	7,700	40,800
Miscellaneous	23,343	14,290	1,131	38,764
Depreciation and amortization	14,070	4,138	2,483	20,691
Travel and meals	11,982	2,522	189	14,693
Insurance	8,551	2,515	1,509	12,575
Advertising and promotion	10,496	861	95	11,452
Program supplies	9,314	125	1,129	10,568
Facilities and meals	6,553	1,872	1,463	9,888
Donations and contributions	3,000	-	-	3,000
	1,010,636	199,300	168,120	1,378,056
Less: Retail sales, cost of goods sold	(317,262)	-	-	(317,262)
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 693,374	\$ 199,300	\$ 168,120	\$ 1,060,794

See accompanying notes to financial statements.

Seattle Audubon Society
Statement of Functional Expenses

<i>Year Ended June 30, 2019</i>	Program Services	Management and General	Fundraising	Total
Personnel	\$ 529,901	\$ 120,260	\$ 128,224	\$ 778,385
Retail sales, cost of goods sold	395,511	-	-	395,511
Professional fees	76,720	32,491	17,589	126,800
Office	50,221	6,268	38,511	95,000
Bank fees, licenses, and taxes	30,461	3,449	8,579	42,489
Miscellaneous	8,115	4,878	235	13,228
Depreciation and amortization	16,147	3,692	4,056	23,895
Travel and meals	26,158	2,017	3,977	32,152
Insurance	7,740	1,850	1,944	11,534
Advertising and promotion	9,977	947	185	11,109
Program supplies	11,410	119	434	11,963
Facilities and meals	37,096	2,100	4,273	43,469
Donations and contributions	3,400	-	-	3,400
	1,202,857	178,071	208,007	1,588,935
Less: Retail sales, cost of goods sold	(395,511)	-	-	(395,511)
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 807,346	\$ 178,071	\$ 208,007	\$ 1,193,424

See accompanying notes to financial statements.

Seattle Audubon Society

Statements of Cash Flows

<i>Year Ended June 30,</i>	2020	2019
Cash Flows for Operating Activities		
Change in net assets	\$ 15,862	\$ (177,525)
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Depreciation and amortization	20,691	23,895
Net realized and unrealized gains on investments	(34,177)	(72,931)
Changes in operating assets and liabilities		
Accounts receivable	1,898	5,533
Grants and contributions receivable	9,567	(19,456)
Inventory	(4,380)	(12,590)
Prepaid expenses	(10,980)	8,851
Accounts payable	(17,739)	11,914
Accrued payroll, benefits, and taxes	18,350	8,315
Deferred revenue	(138,663)	30,740
Net Cash Flows for Operating Activities	(139,571)	(193,254)
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(5,176)
Sales of investments	174,304	160,000
Purchases of investments	(53,434)	(73,197)
Net Cash Flows from Investing Activities	120,870	81,627
Cash Flows from Financing Activities		
Proceeds from loan payable	142,600	-
Net Cash Flows from Financing Activities	142,600	-
Net Change in Cash and Cash Equivalents	123,899	(111,627)
Cash and Cash Equivalents, beginning of year	249,080	360,707
Cash and Cash Equivalents, end of year	\$ 372,979	\$ 249,080

See accompanying notes to financial statements.

Seattle Audubon Society

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Organization

Seattle Audubon Society (“Seattle Audubon” or the “Organization”), a Washington nonprofit corporation, was founded in 1916. For more than 100 years, Seattle Audubon members and volunteers have continually worked to minimize threats to birds and protect habitat. These years of experience have never been more important to Seattle Audubon’s mission to advocate and organize for cities where people and birds thrive.

Today, faithful volunteers work hand in hand with dedicated staff to deliver innovative, high-quality programs in the following key areas:

Environmental Education - Seattle Audubon inspires people of all ages to learn about and enjoy birds and the natural environment. Leading experts conduct classes on birds and their related habitats, and volunteers lead weekly field trips and bird walks throughout the city and state. In addition, there are youth summer camps, in-school and community-based programs, and a teen program focusing on birds and the natural world. Seattle Audubon also hosts quarterly program meetings for members and the public, providing sessions for communities interested in improving habitat for wildlife, and training adults to become Master Birders.

Community Science - Seattle Audubon coordinates local activities for two National Audubon community science programs (Christmas Bird Count and Climate Watch) and two of the Organization’s own projects (Neighborhood Bird Project and Puget Sound Seabird Survey).

Urban Conservation - Seattle Audubon actively promotes bird-friendly public policies and encourages private practices that protect and restore habitat for birds and other wildlife. Seattle Audubon participates in local and regional efforts to protect at-risk bird species, including the Northern Spotted Owl and the Marbled Murrelet, and empowers Seattle-area residents to:

- Preserve and restore the urban tree canopy;
- Encourage cat guardians to keep their feline companions indoors;
- Educate the public on the secondary dangers of anticoagulant rodenticides to birds of prey;
- Support efforts for more bird safe glass in both residential and commercial applications;
- Promote the use of bird friendly native plants for backyard habitats; and
- Educate the public on the effects of climate change for overall bird and ecosystem health.

Community Engagement - Seattle Audubon has over 3,000 members who support the objectives of Seattle Audubon. Seattle Audubon places a premium on making the volunteer experience a satisfying and rewarding one for the approximately 700 active volunteers. Volunteers are encouraged to assume leadership roles and to be involved in the activities throughout the Organization. Seattle Audubon produces a quarterly print newsletter for its members and a monthly e-newsletter for the public. In all its work, Seattle Audubon prioritizes diversity, equity, inclusion, and justice.

The Nature Shop - Finally, to support an appreciation of nature, Seattle Audubon maintains a nature store supplied with optics, books, field guides, and other environmental publications, wild bird paraphernalia, and other nature related items of interest to its members and the general public.

Seattle Audubon Society

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimates.

Financial Statement Presentation

Seattle Audubon reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Net Assets without Donor Restrictions

Net assets without donor restrictions are available without restriction for the support of Seattle Audubon’s operations. Seattle Audubon’s Board of Directors has designated certain net assets without donor restrictions for the following purposes:

<i>June 30,</i>	2020	2019
Conservation-related purposes	\$ 351,293	\$ 351,293
General operating reserves	6,273	5,837
	\$ 357,566	\$ 357,130

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of unexpended contributions or grants restricted for particular programs or time periods. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs or as the time restrictions are met.

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Notes to Financial Statements

Net assets with donor restrictions consist of the following:

<i>June 30,</i>	2020	2019
Net Assets with Purpose Restrictions		
Conservation advocacy	\$ 38,662	\$ 56,459
Volunteer involvement	-	21,680
Science	-	839
	38,662	78,978
Net Assets with Endowment Restrictions		
Perpetual endowment restrictions		
Martin Miller habitat preservation	527,617	527,617
Education - Hazel Wolfe fund	307,002	307,002
Education - Patch fund	200,515	200,515
Education - Ellerbeck fund	75,000	75,000
Camp scholarships	74,027	74,027
Legal	16,000	16,000
	1,200,161	1,200,161
Unappropriated endowment earnings		
Martin Miller habitat preservation	801,930	749,104
Education - Hazel Wolfe fund	-	73,094
Camp scholarships	30,867	31,067
Legal	10,852	10,320
Education - Patch fund	-	7,507
Education - Ellerbeck fund	-	2,785
	843,649	873,877
	\$ 2,082,472	\$ 2,153,016

Cash and Cash Equivalents

Seattle Audubon considers all highly liquid investments with original maturities of three months or less to be cash equivalents unless those highly liquid investments are included with investments. Cash balances are occasionally in excess of federally insured limits.

Accounts Receivable

Accounts receivable consists of amounts due from customer retail sales and program fees. Seattle Audubon considers accounts greater than 30 days old to be past due and uses the allowance method for recognizing bad debts (based on historical collection rates). When an account is deemed uncollectible, it is generally written off against the allowance. Management does not believe any allowance is necessary at June 30, 2020 or 2019.

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Notes to Financial Statements

Grants and Contributions Receivable

Grants and contributions receivable are expected to be collected in one year and are recorded at net realizable value. Seattle Audubon uses the allowance method, similar to the above, to account for uncollectible balances. Accordingly, grants and contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Management does not believe any allowance is necessary at June 30, 2020 or 2019.

Inventory

Inventory is stated at the lower of average cost or net realizable value, and consists solely of finished goods held for retail sales. Retail goods consist primarily of optical equipment, habitat supplies, multimedia, and paper products. Cost is determined using the average cost method. Inventory consists of the following:

<i>June 30,</i>	2020		2019	
Retail goods	\$	262,734	\$	255,725
Books and publications		20,004		22,633
	\$	282,738	\$	278,358

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels which prioritize the inputs used in measuring fair value as follows:

Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Investments are stated at fair value in these financial statements.

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Notes to Financial Statements

Investments

Investments in government bonds, corporate bonds, and mutual funds are reported at fair value using quoted prices in an active market (Level 1 inputs), and consist of the following:

<i>June 30,</i>	2020	2019
Cash and cash equivalents	\$ 185,087	\$ 38,731
Government bonds (including municipal bonds)	382,606	368,984
Corporate bonds	1,125,711	1,132,407
Equity mutual funds	762,853	1,002,828
	\$ 2,456,257	\$ 2,542,950

Investments are held for long-term purposes based on the intent of Seattle Audubon or within a donor-restricted endowment fund, and are reported in the statements of financial position as follows:

<i>June 30,</i>	2020	2019
Investments	\$ 412,447	\$ 468,912
Investments held for endowments	2,043,810	2,074,038
	\$ 2,456,257	\$ 2,542,950

Investment return is reported in the statements of activities and consists of interest and dividend income, and realized and unrealized gains and losses, less investment expenses.

Property and Equipment

Property and equipment are stated at cost if purchased or, if donated, at the estimated fair value at the date of donation. Seattle Audubon capitalizes assets with a cost or donated value greater than \$3,000 and a useful life in excess of one year. Depreciation and amortization are computed using the straight-line method over the estimated useful life of the assets. Buildings and improvements are depreciated over 30 years, and furniture, equipment, and software are depreciated or amortized between 3 and 15 years. Property and equipment consist of the following:

<i>June 30,</i>	2020	2019
Building and improvements	\$ 235,241	\$ 235,241
Furniture and equipment	61,547	67,049
Software	48,344	48,344
	345,132	350,634
Less: Accumulated depreciation and amortization	(297,693)	(282,504)
Land	221,054	221,054
	\$ 268,493	\$ 289,184

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Notes to Financial Statements

Land Held for Conservation

Seattle Audubon maintains selected sites for wildlife sanctuary lands. Land held for conservation is carried at cost.

Contributions, Bequests, and Grant Revenue

Contributions, bequests, and grant revenues (including those received at special events) are recognized when the unconditional pledge or grant award is made. Conditional contributions, grants, and promises to give are not recognized until they become unconditional; that is, the conditions on which they depend are substantially met.

In-Kind Contributions

In-kind contributions include computer consulting and other services and are recorded at their fair values. These in-kind contributions are primarily related to program services. Seattle Audubon recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of unpaid volunteers made significant contributions of their time to carry out programs and activities of Seattle Audubon. The estimated value of the volunteer services is not included in these financial statements because it does not meet the accounting criteria for recording.

Membership Dues

Membership dues revenue is considered contributory as little to no exchange of goods or services exists and is therefore recognized when the payment is made.

Retail Sales

Seattle Audubon recognizes revenue when products are sold at point of sale or shipped to the customer and title and risk of loss for products has passed to the customer.

Program Fees

Program revenue is recognized when the related program, primarily youth camps, takes place. Program fees collected in advance of program events are recognized as deferred revenue.

Income Taxes

Seattle Audubon is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is made in the accompanying financial statements, as Seattle Audubon has no activities subject to unrelated business income tax.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly,

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Notes to Financial Statements

certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and wages, benefits, payroll taxes, which are allocated on the basis of estimates of time and effort, and indirect overhead expenses, which are allocated based on gross salary percentages by function. Indirect overhead expenses include professional services, office, facilities, insurance, and depreciation.

ASU 2014-09, Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (“Topic 606”). The pronouncement was issued to clarify the principles for recognizing revenue, and the core principle of the guidance is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the Organization satisfies a performance obligation

In May 2020, the FASB voted to approve the proposed deferral of the effective date for Topic 606 for one year for all privately held entities that have not yet issued financial statements at the date the final ASU is issued which was June 3, 2020. As such, the Seattle Audubon Society is electing to defer implementation of Topic 606 until the year ending June 30, 2021.

ASU 2018-09, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

The Organization implemented Accounting Standards Update 2018-08 during the year ended June 30, 2020. This standard assists Organizations in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The provisions of ASU 2018-08 were implemented applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. There was no significant impact to the Organization’s revenue recognition in either year presented for this change in accounting principle.

Subsequent Events

The Organization has evaluated subsequent events through the date these financial statements were available to be issued, which was January 5, 2020.

2. Liquidity and Availability of Resources

Seattle Audubon strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and marketable securities.

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Notes to Financial Statements

The following table reflects Seattle Audubon’s financial assets as of June 30, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Financial assets available for general expenditures include budgeted endowment appropriations; however, actual amounts could differ from budgeted based on the liquidity needs of Seattle Audubon. Amounts not available include certain investments included in donor-restricted endowment funds fully described in Note 3 and board-designated funds that are intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

<i>June 30,</i>	2020	2019
Financial Assets at Year-End		
Cash and cash equivalents	\$ 372,979	\$ 249,080
Investments	2,456,257	2,542,950
Accounts receivable	10,110	12,008
Grants and contributions receivable	13,300	22,867
Appropriations from endowments expected to be distributed in the next year	42,000	65,000
	2,894,646	2,891,905
Less: Amounts Not Available to Be Used within One Year		
Investments held in endowments	(2,043,810)	(2,074,038)
Net assets with purpose restrictions	(38,662)	(78,978)
Net assets with board designations	(357,566)	(357,130)
	454,608	381,759
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 454,608	\$ 381,759

3. Endowments

Seattle Audubon’s endowment consists of six donor-restricted funds established for a variety of purposes (see net assets with endowment restrictions at Note 1). As required by GAAP, net assets associated with endowment funds, including quasi endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of Seattle Audubon has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value 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, Seattle Audubon classifies net assets with perpetual endowment restrictions (a) the original value of gifts donated to the perpetual endowment, plus (b) the original value of subsequent gifts to the perpetual endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets is classified as unappropriated endowment earnings until those amounts are appropriated for

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expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Seattle Audubon consider the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund
- The purposes of Seattle Audubon and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- The investment policies of Seattle Audubon
- Other resources of Seattle Audubon

Changes in endowment net assets are as follows:

	With Donor Restrictions		
	Unappropriated Earnings	Perpetual	Total
Endowment Net Assets, June 30, 2018	\$ 828,128	\$ 1,200,161	\$ 2,028,289
Investment income	60,056	-	60,056
Net appreciation, net of fees (realized and unrealized)	59,060	-	59,060
Appropriation of endowment assets for expenditure	(73,367)	-	(73,367)
Endowment Net Assets, June 30, 2019	873,877	1,200,161	2,074,038
Investment income	36,062	-	36,062
Net appreciation, net of fees (realized and unrealized)	30,078	-	30,078
Appropriation of endowment assets for expenditure	(96,368)	-	(96,368)
Endowment Net Assets, June 30, 2020	\$ 843,649	\$ 1,200,161	\$ 2,043,810

Return Objectives and Risk Parameters

Seattle Audubon has adopted investment and spending policies, as approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets over the long term. Endowment assets include those assets of donor-restricted funds that Seattle Audubon must hold in perpetuity or for a donor-specified period. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed general market averages while assuming a prudent level of investment risk.

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Notes to Financial Statements

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Seattle 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). Seattle Audubon targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Seattle Audubon has a policy of appropriating up to five percent of a moving three-year average of the portfolio value. If the Board of Directors does not elect to appropriate the entire allowable amount, the investment gains or losses, by default, are included as a positive or negative change to unappropriated endowment earnings. Any losses incurred which reduce the investment value below the original endowment are included in unrestricted losses on investments. As discussed below, there were no endowments where the fair value of the investment had fallen below the original basis, as of June 30, 2020 or 2019. In establishing this policy, Seattle Audubon considered the long-term expected return on its endowment. Accordingly, over the long term, Seattle Audubon expected the current spending policy to allow its endowment to maintain its historical value.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires. In accordance with GAAP, deficiencies of this nature are to be reported in unrestricted net assets. There were no such deficiencies as of June 30, 2020 or 2019.

Preservation of Habitat Endowment Purchasing Power

Seattle Audubon's Board of Directors has adopted a policy of providing for the preservation of the habitat purchasing power (real value) of the Martin Miller endowment. Earnings of this endowment are externally restricted for habitat preservation. To meet the purchasing power objective, the policy requires that a portion of the net appreciation of the endowment be retained in an amount necessary to adjust the historical dollar value of the original endowment gifts by the change in the Consumer Price Index.

4. Benefit Plan

Seattle Audubon has a simple IRA plan (the "Plan") for employees who meet the Plan's eligibility requirements. Seattle Audubon matches a portion of employee contributions. Seattle Audubon contributed \$14,586 and \$14,936 to the Plan during the years ended June 30, 2020 and 2019, respectively.

5. COVID-19, the CARES Act and the Paycheck Protection Program

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

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Notes to Financial Statements

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for 2020 or 2021.

On March 27, 2020, the President of the United States of America signed into law the "Coronavirus Aid, Relief, and Economic Security ("CARES") Act." The CARES Act, among other things, includes appropriated funds for the SBA Paycheck Protection Program ("PPP") loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by the COVID-19 outbreak.

The Organization applied for a PPP loan of \$142,600 and received the funds on May 4, 2020. Loan proceeds spent on qualified expenses may be forgiven, subject to certain requirements. To the extent the loan is not forgiven, the Organization is required to repay it over two years, and interest accrues at 1%.

The Organization continues to examine the impact that the CARES Act may have on its operations. Currently, the Organization does not expect the CARES Act will have a significant impact on its financial condition, results of operations, or liquidity.