

AUDUBON CANYON RANCH, INC.
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

**For the Years Ended
June 30, 2020 and 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Audubon Canyon Ranch, Inc.
Stinson Beach, California

We have audited the accompanying financial statements of Audubon Canyon Ranch, Inc. (a California nonprofit public benefit corporation), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Audubon Canyon Ranch, Inc. as of June 30, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 13, Coronavirus Pandemic, the World Health Organization had declared COVID-19 as a public health emergency of international concern. Because of this, and local operational restrictions, the Organization has not been able to conduct normal program activities. Given the uncertainty of the situation, the duration of any business disruption and the related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Doran & Associates

January 31, 2021

AUDUBON CANYON RANCH, INC.
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 2,929,633	\$ 2,012,149
Certificates of deposit (Note 1)	2,400,000	3,000,000
Restricted cash (Note 1)	68,094	83,018
Current portion of pledges, grants, and bequests receivable (Note 3)	793,668	399,083
Endowment investments (Note 4)	25,762,313	26,873,158
Accounts receivable	48,560	40,485
Inventory	3,712	1,488
Prepaid expenses	29,535	55,543
Total current assets	32,035,515	32,464,924
Pledges, grants, and bequests receivable, net of current portion (Note 3)	-	243,334
Remainder interest in trusts, at present value (Note 5)	50,208	94,178
Property, equipment and improvements, net of accumulated depreciation of \$3,992,251 at 2020 and \$3,684,125 at 2019 (Notes 1 and 6)	11,701,754	11,106,226
Total assets	\$ 43,787,477	\$ 43,908,662
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 188,227	\$ 323,044
Conditional PPP grant (Note 7)	461,400	-
Unspent insurance proceeds (Note 6)	2,859,416	3,610,334
Total liabilities	3,509,043	3,933,378
Net assets (Note 8):		
Without donor restrictions	14,331,115	12,352,341
With donor restrictions	25,947,319	27,622,943
Total net assets	40,278,434	39,975,284
Total liabilities and net assets	\$ 43,787,477	\$ 43,908,662

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

AUDUBON CANYON RANCH, INC.
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES
For the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND TRANSFERS			
Public support:			
Gifts and bequests	\$ 3,021,593	\$ 562,282	\$ 3,583,875
Grants	172,496	-	172,496
In-kind goods and services (Note 9)	<u>36,456</u>	<u>-</u>	<u>36,456</u>
Total public support	<u>3,230,545</u>	<u>562,282</u>	<u>3,792,827</u>
Revenue:			
Net investment return (Note 4)	11,202	(97,853)	(86,651)
Bookstore sales, net	352	-	352
Other revenue	<u>5,101</u>	<u>-</u>	<u>5,101</u>
Total revenue	<u>16,655</u>	<u>(97,853)</u>	<u>(81,198)</u>
Proceeds from insurance (Note 6)	750,918	-	750,918
Net assets released from restriction pursuant to endowment spending rate distribution formula	1,060,830	(1,060,830)	-
Net assets with donor restrictions released from restriction, fulfillment of purpose and/or time restrictions	<u>1,079,223</u>	<u>(1,079,223)</u>	<u>-</u>
Total support, revenue and transfers	<u>6,138,171</u>	<u>(1,675,624)</u>	<u>4,462,547</u>
EXPENSES AND LOSSES			
Program services (see Note 9)	2,744,521	-	2,744,521
General and administrative	605,336	-	605,336
Fundraising	<u>584,540</u>	<u>-</u>	<u>584,540</u>
Total expenses	<u>3,934,397</u>	<u>-</u>	<u>3,934,397</u>
Bad debt loss - pledge write-off (Note 3)	<u>225,000</u>	<u>-</u>	<u>225,000</u>
Total expenses and losses	<u>4,159,397</u>	<u>-</u>	<u>4,159,397</u>
Change in net assets	1,978,774	(1,675,624)	303,150
Net assets, beginning of year	<u>12,352,341</u>	<u>27,622,943</u>	<u>39,975,284</u>
Net assets, end of year	<u>\$ 14,331,115</u>	<u>\$ 25,947,319</u>	<u>\$ 40,278,434</u>

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

AUDUBON CANYON RANCH, INC.
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES (CONTINUED)
For the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND TRANSFERS			
Public support:			
Gifts and bequests	\$ 1,431,289	\$ 1,082,068	\$ 2,513,357
Grants	61,705	-	61,705
In-kind goods and services (Note 9)	88,217	-	88,217
Total public support	<u>1,581,211</u>	<u>1,082,068</u>	<u>2,663,279</u>
Revenue:			
Net investment return (Note 4)	315,847	697,071	1,012,918
Bookstore sales, net	1,140	-	1,140
Other revenue	9,729	-	9,729
Total revenue	<u>326,716</u>	<u>697,071</u>	<u>1,023,787</u>
Proceeds from insurance (Note 6)	599,321	-	599,321
Net assets released from restriction pursuant to endowment spending rate distribution formula	1,043,660	(1,043,660)	-
Net assets with donor restrictions released from restriction, fulfillment of purpose and/or time restrictions	<u>781,538</u>	<u>(781,538)</u>	<u>-</u>
Total support, revenue and transfers	<u>4,332,446</u>	<u>(46,059)</u>	<u>4,286,387</u>
EXPENSES AND LOSSES			
Program services (see Note 9)	2,764,092	-	2,764,092
General and administrative	648,481	-	648,481
Fundraising	548,647	-	548,647
Total expenses and losses	<u>3,961,220</u>	<u>-</u>	<u>3,961,220</u>
Change in net assets	371,226	(46,059)	325,167
Net assets, beginning of year	<u>11,981,115</u>	<u>27,669,002</u>	<u>39,650,117</u>
Net assets, end of year	<u>\$ 12,352,341</u>	<u>\$ 27,622,943</u>	<u>\$ 39,975,284</u>

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

AUDUBON CANYON RANCH, INC.
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2020

	Program Services	General and Administrative	Fundraising	Total
Personnel	\$ 1,827,591	\$ 372,526	\$ 414,090	\$ 2,614,207
Library and public education	28,457	-	-	28,457
Research and special projects	215,880	4,819	-	220,699
Insurance	71,816	14,638	16,272	102,726
Professional fees and contract services	-	26,357	-	26,357
Supplies and other general expenses	36,620	7,464	8,297	52,381
Repairs and maintenance	159,159	88,710	20,798	268,667
Utilities and telephone	57,195	11,658	12,959	81,812
Transportation	62,989	4,227	1,061	68,277
Printing and website	24,050	-	2,512	26,562
Postage and mailing	5,541	1,458	782	7,781
Community outreach and recognition	-	-	55,104	55,104
Miscellaneous fees and taxes	25,904	1,858	2,885	30,647
In-kind goods and services	9,617	26,839	-	36,456
Cost of goods sold	399	-	-	399
Total expenses before depreciation	<u>2,525,218</u>	<u>560,554</u>	<u>534,760</u>	<u>3,620,532</u>
Depreciation and amortization	<u>219,702</u>	<u>44,782</u>	<u>49,780</u>	<u>314,264</u>
Total expenses	2,744,920	605,336	584,540	3,934,796
Less expenses included with revenues on the Statement of Activities:				
Merchandise cost of goods sold	<u>399</u>	<u>-</u>	<u>-</u>	<u>399</u>
Total expenses included in the expenses section on the Statement of Activities	<u>\$ 2,744,521</u>	<u>\$ 605,336</u>	<u>\$ 584,540</u>	<u>\$ 3,934,397</u>

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

AUDUBON CANYON RANCH, INC.
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
For the year ended June 30, 2019

	Program Services	General and Administrative	Fundraising	Total
Personnel	\$ 1,713,647	\$ 355,380	\$ 392,001	\$ 2,461,028
Library and public education	54,063	-	-	54,063
Research and special projects	238,066	-	-	238,066
Insurance	47,819	9,917	10,939	68,675
Professional fees and contract services	4,990	130,649	-	135,639
Supplies and other general expenses	34,600	7,175	7,915	49,690
Repairs and maintenance	238,062	18,988	20,944	277,994
Utilities and telephone	64,734	13,425	14,808	92,967
Transportation	107,084	1,669	388	109,141
Printing and website	13,891	-	6,953	20,844
Postage and mailing	2,319	-	5,849	8,168
Community outreach and recognition	3,023	-	50,684	53,707
Miscellaneous fees and taxes	55,884	10,223	511	66,618
In-kind goods and services	21,299	66,918	-	88,217
Cost of goods sold	2,481	-	-	2,481
Total expenses before depreciation	<u>2,601,962</u>	<u>614,344</u>	<u>510,992</u>	<u>3,727,298</u>
Depreciation and amortization	<u>164,611</u>	<u>34,137</u>	<u>37,655</u>	<u>236,403</u>
Total expenses	2,766,573	648,481	548,647	3,963,701
Less expenses included with revenues on the Statement of Activities:				
Merchandise cost of goods sold	<u>2,481</u>	<u>-</u>	<u>-</u>	<u>2,481</u>
Total expenses included in the expenses section on the Statement of Activities	<u>\$ 2,764,092</u>	<u>\$ 648,481</u>	<u>\$ 548,647</u>	<u>\$ 3,961,220</u>

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

AUDUBON CANYON RANCH, INC.
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 303,150</u>	<u>\$ 325,167</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	314,264	236,403
Gain on sale of land	-	(5,000)
Loss on sale of equipment	11,276	-
Realized gain on investments	(28,235)	(485,447)
Unrealized loss on investments	831,024	450,655
Loss on write-off of pledge	225,000	-
Insurance proceeds used for purchase of property, equipment and improvements	(607,777)	(404,669)
Changes in assets and liabilities:		
Pledges, grants and bequests receivable	(376,251)	(168,126)
Accounts receivable	(8,075)	(35,165)
Inventory	(2,224)	19,384
Prepaid expenses	26,008	1,652
Life income gifts and remainder interest in trusts	43,970	(12,565)
Accounts payable and accrued expenses	(134,817)	106,179
Total adjustments	<u>294,163</u>	<u>(296,699)</u>
Net cash provided by operating activities	<u>597,313</u>	<u>28,468</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from CDs	600,000	1,022,576
(Use of) receipt of insurance proceeds	(750,918)	(512,313)
Sales / withdrawals of endowment investments	308,056	340,166
Purchase of property, equipment and improvements	(314,291)	(264,950)
Proceeds from sale of equipment and land	1,000	6,000
Net cash (used) provided by investing activities	<u>(156,153)</u>	<u>591,479</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from conditional PPP grant	<u>461,400</u>	<u>-</u>
Net cash provided by financing activities	<u>461,400</u>	<u>-</u>
Net increase in cash and cash equivalents	902,560	619,947
Cash and cash equivalents, beginning of year	<u>2,095,167</u>	<u>1,475,220</u>
Cash and cash equivalents, end of year	<u>\$ 2,997,727</u>	<u>\$ 2,095,167</u>

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

AUDUBON CANYON RANCH, INC.
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF CASH FLOWS (Continued)
For the years ended June 30, 2020 and 2019

	2020	2019
Reconciliation of cash and cash equivalents, all accounts, to Statements of Financial Position:		
Cash and cash equivalents	\$ 2,929,633	\$ 2,012,149
Restricted cash	<u>68,094</u>	<u>83,018</u>
	<u>\$ 2,997,727</u>	<u>\$ 2,095,167</u>
Non-cash transactions:		
Donation of marketable securities	<u>\$ 1,519</u>	<u>\$ 4,000</u>
Additional disclosures:		
Property, equipment, and improvements funded by insurance proceeds	<u>\$ 607,777</u>	<u>\$ 404,669</u>

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

AUDUBON CANYON RANCH, INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Audubon Canyon Ranch, Inc. (hereafter ACR, or the Organization), a California nonprofit public benefit corporation, is a system of wildlife sanctuaries and centers of nature education in the counties of Marin and Sonoma, California. ACR has four primary properties: Martin Griffin Preserve, Bouverie Preserve, Cypress Grove Research Center, Modini Preserve, and a number of other properties in Marin and Sonoma Counties. Audubon Canyon Ranch protects the natural resources of its sanctuaries while fostering an understanding and appreciation of these environments. We educate children and adults, promote ecological literacy that is grounded in direct experience and conduct research and restoration that advances conservation science.

ACR receives the majority of its support and revenue from public and private contributions and earnings from fund investments.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment (see Note 4).

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Method of Accounting - The financial statements of the Organization are prepared using the accrual basis of accounting, which reflects revenue when earned and expenses as incurred.

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

Not included in cash and cash equivalents is cash restricted for use by donor instruction, which was \$68,094 and \$83,018 at June 30, 2020 and 2019, respectively.

AUDUBON CANYON RANCH, INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - Investments primarily include corporate stocks, and government and corporate bonds. Purchased investments in equity and debt securities with readily determinable fair values are reported at fair value based on quoted market prices. Other investment instruments are measured on the net equity basis, as reported on the K-1 or other year-end report. Investments received by donation are recorded at the fair value at the date of donation.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Fair Value Measurements - Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on the fair value hierarchy, which includes three levels of inputs that may be used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are significant other observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. Level 3 inputs are unobservable inputs for the assets or liabilities. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, and may include the Organization's own data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Management has elected, as a practical expedient, to measure the fair value of investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or one that has the attributes of an investment company, on the basis of the net asset value ("NAV") per share of the investment or its equivalent, if the NAV or its equivalent is calculated in a manner consistent with the measurement principles of accounting for investment companies as of the entity's measurement date. The relevant guidance also requires disclosures by major category of investments about the attributes of investments. Management has elected to adopt this practical expedient for its remainder interest in trusts.

AUDUBON CANYON RANCH, INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition - The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. Consequently, at June 30, 2020, a grant of \$330,000 has not been recognized in the accompanying financial statements, because the conditions have not yet been met. The conditional grant depends on meeting a matching fund requirement.

Revenue, other than unconditional contributions, bequests, and grants, is recognized in the period in which service is provided.

Certificates of Deposit - the Organization holds bank certificates of deposit totaling \$2,400,000 and \$3,000,000 at June 30, 2020 and 2019, respectively. The CDs held at June 30, 2020, bear interest at rates ranging from 0.9% to 1.98% per annum and are scheduled to mature between August 5, 2020, and May 6, 2021.

Property, Equipment and Improvements - The Organization records property and equipment in excess of \$2,000 at cost of acquisition or, if donated, fair market value at date of donation. Depreciation is recognized using the straight-line method over the useful lives of the assets, which range from 5 to 39 years for buildings and 5 to 10 years for equipment.

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2020 or 2019.

Functional Expenses - The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, occupancy, office expenses, information technology, insurance, depreciation and other, which are allocated based on time studies or other measures of effort.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - The Organization is exempt from federal and state taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, and is considered by the IRS to be an organization other than a private foundation. In the opinion of management, there is no unrelated business income.

AUDUBON CANYON RANCH, INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASC 740-10, Accounting for Uncertainty in Income Taxes - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed (four years for California). Any interest or penalties assessed to the Organization are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Accounting Standards Update, ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash - In response to divergence in the way restricted cash is classified and presented in financial statements, FASB issued an amendment requiring that a statement of cash flows explain the change during a reporting period of the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. The amendment was effective for fiscal years beginning after December 31, 2018. The new standard had an impact on the Organization's statement of cash flows.

Accounting Standards Update, ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made - In June 2018, the FASB issued clarified guidance regarding the way nonprofit organizations record contracts and grants being received and issued. For each arrangement, the organization will have to determine key elements of the agreement including (a) whether or not there is an exchange transaction (i.e., direct commensurate value to funder), (b) whether there are donor-imposed conditions for non-exchange transactions (e.g., measurable performance barriers, etc.) before commitment may be recognized as income, and (c) whether there are donor-imposed restrictions on non-exchange, unconditional funds (i.e., limited purpose or timing restrictions). The new standard was effective for resource recipients for fiscal years beginning after December 15, 2018, and for resource providers for fiscal years beginning after December 15, 2019, and did not have a material impact on the Organization's statement of financial position, results of operations, and cash flows.

Accounting Standards Update, ASU 2016-02, Leases - In February 2016, the FASB issued amendments to the way lessees record lease transactions. Upon implementation, lessees will be required to recognize at commencement the right-of-use asset and a lease liability representing the lessee's obligation to make lease payments arising from the lease, as discounted, for all leases except short-term leases. This Standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2021, and early adoption is permitted. Management is currently evaluating the impact the amendments to this ASU will have on the financial statements of the Organization.

AUDUBON CANYON RANCH, INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2020 and 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Update, ASU 2018-13, Fair Value Measurement (Topic 820) - Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement - In August 2018 the Financial Accounting Standards Board issued 2018-13 as part of a disclosure framework project to improve the effectiveness of disclosures. In addition to the removal of certain disclosure requirements, the Standard provided for various modifications to others, and new disclosure requirements. The amendment is effective for fiscal years beginning after December 15, 2019, but early adoption is permitted, and has been adopted by the Organization as of July 1, 2019.

Reclassification - Certain balances at, and for the year ended June 30, 2019, were reclassified to conform with June 30, 2020, balances.

Subsequent Events - Subsequent events have been evaluated through January 31, 2021, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following:

Cash and cash equivalents	\$ 588,417
Other receivables	48,560
Endowment spending rule distributions	1,417,193
Endowment other distributions	<u>399,497</u>
Total	<u>\$ 2,453,667</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Audubon Canyon Ranch, Inc. has a goal to maintain financial assets (cash and short-term investments) sufficient to meet 60 days of operating expenses, which are approximately \$600,000. The Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

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NOTE 3 PLEDGES, GRANTS, AND BEQUESTS

The Organization received pledges, grants, and bequests receivable for various purposes. The receivables are collectible as follows at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Current portion	\$ 793,668	\$ 399,083
Long-term portion, year ending June 30:		
2021	-	68,334
2022	-	25,000
2023	-	25,000
2024	-	25,000
2025	-	25,000
Thereafter	-	75,000
Total long-term portion	<u>-</u>	<u>243,334</u>
Total pledges, grants, and bequests	<u>\$ 793,668</u>	<u>\$ 642,417</u>

It is the practice of the Organization to expense uncollectibles only after exhausting all efforts to collect the amounts due. During 2020, it was determined by management that \$225,000 in pledge receivables was uncollectible and was written off. There is no allowance for doubtful accounts and management believes all amounts will be collected in full.

NOTE 4 ENDOWMENT AND MANAGED PORTFOLIO INVESTMENTS

Managed portfolio investments are stewarded by the ACR investment committee and its ACR Board of Trustees approved investment consultant. These investments are managed within the ACR Board of Trustees approved Investment Policy Statement (“IPS”) and consists of two components:

- *Donor Restricted Endowment Investments* representing the historic dollar value of contributions restricted by donors for permanent investment.
- *Board-Designated Investments* representing unrestricted funds allocated to the managed investment portfolio by the Organization’s Board of Trustees.

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NOTE 4 ENDOWMENT AND MANAGED PORTFOLIO INVESTMENTS (Continued)

The following are the major categories of marketable equity securities measured at fair value on a recurring basis during the years ended June 30, 2020 and 2019:

<u>Description:</u>	Fair Value Measurements Using			<u>Total</u>
	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
<u>2020:</u>				
Equity securities	\$ 7,649,928	\$ -	\$ -	\$ 7,649,928
Fixed income	8,667,752	-	-	8,667,752
Other	9,085,833	358,800	-	9,444,633
	<u>\$ 25,403,513</u>	<u>\$ 358,800</u>	<u>\$ -</u>	<u>\$ 25,762,313</u>
 <u>2019:</u>				
Equity securities	\$ 9,162,642	\$ -	\$ -	\$ 9,162,642
Fixed income	9,087,198	-	-	9,087,198
Other	8,207,878	415,440	-	8,623,318
	<u>\$ 26,457,718</u>	<u>\$ 415,440</u>	<u>\$ -</u>	<u>\$ 26,873,158</u>

The following summarizes the investment income (loss), including operating account activity, during the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Realized gain	\$ 28,235	\$ 485,447
Unrealized loss	(831,024)	(450,655)
Interest and dividend income	796,296	1,063,132
Investment management fees	(80,158)	(85,006)
	<u>\$ (86,651)</u>	<u>\$ 1,012,918</u>

ACR's endowment consists of two investment accounts containing cash and cash equivalents, bonds, equities, and treasury bills, established for a variety of purposes. Its investment portfolio includes both donor-restricted endowment funds and funds designated by the Board of Trustees. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees, are classified and reported based on the existence or absence of donor-imposed restrictions.

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NOTE 4 ENDOWMENT AND MANAGED PORTFOLIO INVESTMENTS (Continued)

Interpretation of Law - The Board of Trustees of ACR has interpreted the California State Prudent Management of Institutional Funds Act (SPMIFA) as requiring, absent explicit donor stipulations to the contrary, the appropriation for expenditures or accumulation of so much of the donor-restricted endowment fund as the Board determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Consistent with this interpretation, ACR has classified as restricted net assets of the donor-restricted endowment fund, (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if applicable. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Investment Net Asset Composition by Type of Fund as of:

<u>Description</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>June 30, 2020</u>			
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	\$ -	\$ 14,587,814	\$ 14,587,814
Accumulated investment gains	-	4,356,702	4,356,702
	-	18,944,516	18,944,516
Board-designated investment funds	7,258,303	-	7,258,303
Total funds	<u>\$ 7,258,303</u>	<u>\$ 18,944,516</u>	<u>\$ 26,202,819</u>
Cash and cash equivalents	\$ -	\$ 440,506	\$ 440,506
Board-designated investment funds	7,258,303	-	7,258,303
Donor-restricted endowment funds	-	18,504,010	18,504,010
	<u>\$ 7,258,303</u>	<u>\$ 18,944,516</u>	<u>\$ 26,202,819</u>

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NOTE 4 ENDOWMENT AND MANAGED PORTFOLIO INVESTMENTS (Continued)

<u>Description</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>June 30, 2019</u>			
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	\$ -	\$ 14,587,814	\$ 14,587,814
Accumulated investment gains	-	5,610,301	5,610,301
	-	20,198,115	20,198,115
Board-designated investment funds	7,763,052	-	7,763,052
 Total funds	 <u>\$ 7,763,052</u>	 <u>\$ 20,198,115</u>	 <u>\$ 27,961,167</u>
 Cash and cash equivalents	 \$ -	 \$ 1,088,009	 \$ 1,088,009
Board-designated investment funds	7,763,052	-	7,763,052
Donor-restricted endowment funds	-	19,110,106	19,110,106
	<u>\$ 7,763,052</u>	<u>\$ 20,198,115</u>	<u>\$ 27,961,167</u>

Changes in Investment Net Assets for the Fiscal Years Ended June 30, 2020 and 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2018	\$ 8,054,754	\$ 20,544,704	\$ 28,599,458
Investment return:			
Interest and dividends	284,370	733,162	1,017,532
Realized gain	135,667	349,780	485,447
Unrealized loss	(125,944)	(324,711)	(450,655)
Management fees	(23,722)	(61,160)	(84,882)
Total investment return	<u>270,371</u>	<u>697,071</u>	<u>967,442</u>
Contributions	-	-	-
Transfers to endowment investments	800,919	-	800,919
Total contributions and changes in contributions	<u>800,919</u>	<u>-</u>	<u>800,919</u>
Appropriation of endowment assets for expenditure:			
Spending rule	(335,320)	(1,043,660)	(1,378,980)
Additional appropriations	(1,027,672)	-	(1,027,672)
Total appropriations	<u>(1,362,992)</u>	<u>(1,043,660)</u>	<u>(2,406,652)</u>

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NOTE 4 ENDOWMENT AND MANAGED PORTFOLIO INVESTMENTS (Continued)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2019	<u>7,763,052</u>	<u>20,198,115</u>	<u>27,961,167</u>
Investment return:			
Interest and dividends	208,793	538,311	747,104
Realized gain	7,891	20,344	28,235
Unrealized loss	(232,246)	(598,778)	(831,024)
Management fees	<u>(22,392)</u>	<u>(57,730)</u>	<u>(80,122)</u>
Total investment return	<u>(37,954)</u>	<u>(97,853)</u>	<u>(135,807)</u>
Contributions	-	-	-
Transfers to endowment investments	<u>383,262</u>	-	<u>383,262</u>
Total contributions and changes in contributions	<u>383,262</u>	-	<u>383,262</u>
Appropriation of endowment assets for expenditure:			
Spending rule	(335,688)	(1,060,830)	(1,396,518)
Additional appropriations	<u>(514,369)</u>	<u>(94,916)</u>	<u>(609,285)</u>
Total appropriations	<u>(850,057)</u>	<u>(1,155,746)</u>	<u>(2,005,803)</u>
Endowment net assets, June 30, 2020	<u>\$ 7,258,303</u>	<u>\$ 18,944,516</u>	<u>\$ 26,202,819</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2020 or 2019.

Investment Return Objectives and Risk Parameters

ACR has adopted investment objectives for endowment assets that attempt to provide consistent, predictable cash flows for ACR's programs and to preserve the purchasing power, or inflation-adjusted value, of the endowment. Endowment assets include those assets of the donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The endowment assets are invested in a manner consistent with ACR's organizational and other documents and applicable law. The return objective is to produce a net average annual total return, over the long-term, equal to the change in the Consumer Price Index ("CPI") plus 4.5%. The performance of the portfolio is measured against an appropriate weighting of specific indices (such as the S&P 500 Index, Russell 3000 Index, MSCI EAFE Index, and Barclays Aggregate Bond Index), as determined by the Investment Committee. Actual returns in any given year may vary.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 4 ENDOWMENT AND MANAGED PORTFOLIO INVESTMENTS (Continued)

Strategies Employed for Achieving Objectives

The assets are invested in a manner consistent with the purpose and objectives stated above. The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Return Objective Relates to Spending Policy

ACR has a policy of appropriating for distribution each year an amount equal to the sum of a) 30% of the average of the fair market value of the portfolio at the close of the preceding four quarters (ending June through March) multiplied by a factor of 0.045, plus b) 70% of the prior year distribution amount, adjusted for inflation, plus c) an adjustment for the amount of the gifts added to the endowment since the previous year's distribution amount was determined. Other withdrawals are only permitted at the authorization of the Board of Trustees. In establishing this policy, the Organization considered, among other things, the long-term expected return on its endowment. Accordingly, over the long-term, the return objective of the Organization is for its endowment to produce a net average annual total return equal to the change in CPI plus 4.5%. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 5 REMAINDER INTEREST IN TRUSTS

The Organization is the charitable remainder beneficiary for several charitable remainder uni-trusts (CRUTs) holding primarily marketable securities. The CRUTs are subject to life estates, whereby the assets, upon death of the income beneficiary, are distributed to ACR. During the year ended June 30, 2020, one of the CRUTs was distributed to the Organization.

The following are the major categories of CRUTs measured at fair value using the market approach on a recurring basis during the years ended June 30, 2020 and 2019:

Description:	Fair Value Measurements Using				Total
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at Cost or NAV	
Remainder interest in trusts:					
2020	\$ -	\$ -	\$ -	\$ 50,208	\$ 50,208
2019	\$ -	\$ -	\$ -	\$ 94,178	\$ 94,178

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NOTE 5 REMAINDER INTEREST IN TRUSTS (Continued)

The following is a reconciliation of the beginning and ending balances for assets during the years ended June 30, 2020 and 2019:

Balance, June 30, 2018	\$ 81,613
Unrealized gain	<u>12,565</u>
Balance, June 30, 2019	94,178
Realized event - cash received	(40,442)
Unrealized loss	<u>(3,528)</u>
Balance, June 30, 2020	<u>\$ 50,208</u>

NOTE 6 PROPERTY, EQUIPMENT AND IMPROVEMENTS

Property, equipment and improvements consisted of the following:

Property, Equipment and Improvements, at Cost	Land	Buildings and Improvements	Furniture and Equipment	Total
Balance, June 30, 2018	\$ 7,891,270	\$ 5,484,588	\$ 745,874	\$ 14,121,733
Additions	-	487,717	181,902	669,619
Disposals	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>
Balance, June 30, 2019	7,890,270	5,972,305	927,776	14,790,351
Additions	-	581,428	340,640	922,068
Disposals	<u>-</u>	<u>-</u>	<u>(18,414)</u>	<u>(18,414)</u>
Balance, June 30, 2020	<u>7,890,270</u>	<u>6,553,733</u>	<u>1,250,002</u>	<u>15,694,005</u>
<u>Accumulated depreciation</u>				
Balance, June 30, 2018		2,909,100	538,622	3,447,722
Depreciation expense		<u>175,234</u>	<u>61,169</u>	<u>236,403</u>
Balance, June 30, 2019		3,084,334	599,791	3,684,125
Disposals		-	(6,138)	(6,138)
Depreciation expense		<u>195,554</u>	<u>118,710</u>	<u>314,264</u>
Balance, June 30, 2020		<u>3,279,888</u>	<u>712,363</u>	<u>3,992,251</u>
Property, equipment and improvements, net, June 30, 2020	<u>\$ 7,890,270</u>	<u>\$ 3,273,845</u>	<u>\$ 537,639</u>	<u>\$ 11,701,754</u>
Property, equipment and improvements, net, June 30, 2019	<u>\$ 7,890,270</u>	<u>\$ 2,887,971</u>	<u>\$ 327,985</u>	<u>\$ 11,106,226</u>

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NOTE 6 PROPERTY, EQUIPMENT AND IMPROVEMENTS (Continued)

The Organization has received donations of land and buildings subject to donor restriction. See Note 8 for the values of donor restricted property, equipment and improvement. Associated with the acquisition of land, the Organization agreed to assignment of various land use restriction agreements.

A major fire occurred in October 2017 in northern California in Sonoma and Napa Counties. ACR has a preserve in Glen Ellen, Sonoma County referred to as the Bouverie Preserve. Subsequent to the fire, ACR has received insurance proceeds to cover the replacement of fixed assets damaged by the fire, as well as operating costs incurred due to the damage. During the years ended June 30, 2020 and 2019, the insurance transactions were as follows:

Insurance proceeds received as of June 30, 2019	<u>\$ 4,209,655</u>
Less: Property, equipment and improvements funded by insurance proceeds	404,669
Operating costs funded by insurance proceeds	<u>194,652</u>
Total proceeds from insurance recognized, Statement of Activities	<u>599,321</u>
Unspent insurance proceeds at June 30, 2019	3,610,334
Less: Property, equipment and improvements funded by insurance proceeds	607,777
Operating costs funded by insurance proceeds	<u>143,141</u>
Total proceeds from insurance recognized, Statement of Activities	<u>750,918</u>
Unspent insurance proceeds at June 30, 2020	<u>\$ 2,859,416</u>

Management is assessing the needs of the organization to develop a plan to use the unspent insurance proceeds.

NOTE 7 CONDITIONAL PPP GRANT

In April 2020, ACR was granted a loan under the Paycheck Protection Program offered by the Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act for \$461,400, with a maturity on May 1, 2022. The loan bore interest at 1% with no payments for the first 6 months. The loan was subject to partial or full forgiveness if ACR used all proceeds for eligible purposes; maintained certain employment levels; and maintained certain compensation levels in accordance with and subject to the CARES Act and the rules, regulations and guidance. On November 20, 2020, the Organization was notified that the loan funds were forgiven; as a result, the grant conditions were met and the funds will be recognized as income during the year of forgiveness.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 8 NET ASSETS

Net Assets Without Donor Restrictions:

	2020	2019
Undesignated	\$ 5,089,187	\$ 4,589,289
Designated by the board - in transit investments	1,983,625	-
Designated by the board - managed investments (see Note 4)	7,258,303	7,763,052
	\$ 14,331,115	\$ 12,352,341

Net Assets With Donor Restrictions:

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditures for specified purposes:	2020	2019
Mayacamas land restoration	\$ 352,064	\$ 445,764
Promises to give, the proceeds from which have been restricted by donors for programs	393,334	641,667
Other purposes	238,635	235,659
Subject to the passage of time:		
Remainder interest in trusts	50,208	94,178
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	-	750
Land and buildings, net of accumulated depreciation, per donor restrictions	1,858,217	1,896,465
	2,892,458	3,314,483
Endowments:		
Subject to appropriation and expenditures when a specified event occurs:		
With donor restrictions	452,933	1,167,089
Available for general use	3,903,769	4,443,212
	4,356,702	5,610,301
Subject to the organization's endowment spending policy and appropriation	14,587,814	14,587,814
Total endowments	18,944,516	20,198,115
Land held in perpetuity, per donor restrictions	4,110,345	4,110,345
	\$ 25,947,319	\$ 27,622,943

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 IN-KIND GOODS AND SERVICES

The Organization receives the benefit of in-kind goods and services that either (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased by the organization if they had not been provided by contribution. Services requiring specialized skills are provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftspeople.

The following are the major categories of in-kind contributions measured at fair value using the market approach on a non-recurring basis during the years ended June 30, 2020 and 2019:

<u>Description</u>	Fair Value Measurements Using			<u>Total</u>
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>2020:</u>				
Goods	\$ -	\$ 9,617	\$ -	\$ 9,617
Services	-	26,839	-	26,839
	\$ -	\$ 36,456	\$ -	\$ 36,456
<u>2019:</u>				
Equipment	\$ -	\$ 20,299	\$ -	\$ 20,299
Labor	-	67,918	-	67,918
	\$ -	\$ 88,217	\$ -	\$ 88,217

The Organization also benefits from a substantial number of volunteers who donate significant amounts of time to ACR programs. Such volunteer services do not meet the criteria, stated above, required to record the value of such services as revenue and expense in the Statement of Activities. The Organization estimates approximately 10,378 hours were provided to ACR during the year ended June 30, 2020, valued at an average rate of \$31.11 for a total estimated value of \$322,859. The Organization estimates approximately 14,450 hours were provided to ACR during the year ended June 30, 2019, valued at an average rate of \$30.62 for a total estimated value of \$442,436.

NOTE 10 PENSION AND RETIREMENT PLAN

The Organization has a contributory pension plan established and operated pursuant to the provisions of the Internal Revenue Code Section 403(b) which covers substantially all employees who are 18 years of age or older and have completed one year of service. The annual employer contribution is discretionary up to 5% of gross eligible wages. The Organization made contributions to the plan totaling \$87,654 for the year ended June 30, 2020, and \$75,154 for the year ended June 30, 2019.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 11 RISKS, UNCERTAINTIES AND CONCENTRATIONS

The Organization relies on a significant amount of funding received in the form of donations and grants from individuals and foundations as well as investment income to support its operations. The current global financial markets may have an impact on the level of funding provided by these funding sources and the market value of marketable equity securities held by the Organization. While it is impracticable to determine the impact of these events, management is taking steps to address potential changes in funding levels and reduce the Organization's exposure to impact from these events.

During the year ended June 30, 2020, the Organization received bequests, pledges and donations from five sources that represented 74% of total support. One of these funders also represent 92% of pledges, grants, and bequests receivable at June 30, 2020.

NOTE 12 EXCESS OF FDIC

As of June 30, 2020, the Organization had exceeded the Federal Depository Insurance Corporation cash limit of \$250,000 on its depository accounts. At June 30, 2020, the Organization had approximately \$2,413,000 on deposit in excess of federally insured limits.

NOTE 13 CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, had declared a state of emergency and had issued shelter-in-place orders in response to the outbreak. The immediate impact to the Organization's operations includes restrictions on employees' and volunteers' ability to work, and reductions or cancellation of program activities. The economic pressures during the shelter-in-place and reduced ability to conduct program activities may result in increased operating expenses and reductions in the Organization's ability to fund raise, and it is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.