AUDUBON CANYON RANCH, INC.

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

For the Years Ended
June 30, 2021 and 2020

DORAN & ASSOCIATES

C O N T E N T S

DORAN & ASSOCIATES

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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, 2021 and 2020, 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, 2021 and 2020, 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.

Doran & Associates

February 10, 2022

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

STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents (Note 1)	$ 2,339,940	$ 2,929,633
Certificates of deposit (Note 1)	2,100,000	2,400,000
Restricted cash (Note 1)	45,313	68,094
Pledges, grants, and bequests receivable (Note 3)	42,379	793,668
Endowment investments (Note 4)	32,011,231	25,762,313
Accounts receivable	16,558	48,560
Inventory	112	3,712
Prepaid expenses	35,453	29,535
Total current assets	36,590,986	32,035,515
Remainder interest in trusts, at present value (Note 5)	59,711	50,208
Property, equipment, and improvements, net of accumulated depreciation of $4,356,812 at 2021 and $3,992,251 at 2020 (Notes 1 and 6)	11,575,460	11,701,754
Total assets	$ 48,226,157	$ 43,787,477
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 173,248	$ 188,227
Conditional PPP grant (Note 7)	-	461,400
Unspent insurance proceeds (Note 6)	3,586,846	2,859,416
Total liabilities	3,760,094	3,509,043
Net assets (Note 8):		
Without donor restrictions	15,751,471	14,331,115
With donor restrictions	28,714,592	25,947,319
Total net assets	44,466,063	40,278,434
Total liabilities and net assets	$ 48,226,157	$ 43,787,477

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND TRANSFERS			
Public support:			
Gifts and bequests	$ 550,973	$ 949,609	$ 1,500,582
Grants	171,908	-	171,908
Conditional PPP grant forgiveness (Note 7)	461,400	-	461,400
In-kind goods and services (Note 9)	36,440	-	36,440
Total public support	1,220,721	949,609	2,170,330
Revenue:			
Net investment return (Note 4)	1,787,180	4,197,430	5,984,610
Bookstore sales, net	-	-	-
Other revenue, net	58,409	-	58,409
Total revenue	1,845,589	4,197,430	6,043,019
Proceeds from insurance (Note 6)	344,938	-	344,938
Net assets released from restriction pursuant to endowment spending rate distribution formula	1,064,126	(1,064,126)	-
Net assets with donor restrictions released from restriction, fulfillment of purpose and/or time restrictions	1,315,640	(1,315,640)	-
Total support, revenue, and transfers	5,791,014	2,767,273	8,558,287
EXPENSES AND LOSSES			
Program services (see Note 9)	2,852,770	-	2,852,770
General and administrative	920,622	-	920,622
Fundraising	597,266	-	597,266
Total expenses and losses	4,370,658	-	4,370,658
Change in net assets	1,420,356	2,767,273	4,187,629
Net assets, beginning of year	14,331,115	25,947,319	40,278,434
Net assets, end of year	$ 15,751,471	$ 28,714,592	$ 44,466,063

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, 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)	36,456	-	36,456
Total public support	3,230,545	562,282	3,792,827
Revenue:			
Net investment return (Note 4)	11,202	(97,853)	(86,651)
Bookstore sales, net	352	-	352
Other revenue	5,101	-	5,101
Total revenue	16,655	(97,853)	(81,198)
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	1,079,223	(1,079,223)	-
Total support, revenue, and transfers	6,138,171	(1,675,624)	4,462,547
EXPENSES AND LOSSES			
Program services (see Note 9)	2,744,521	-	2,744,521
General and administrative	605,336	-	605,336
Fundraising	584,540	-	584,540
Total expenses	3,934,397	-	3,934,397
Bad debt loss - pledge write-off (Note 3)	225,000	-	225,000
Total expenses and losses	4,159,397	-	4,159,397
Change in net assets	1,978,774	(1,675,624)	303,150
Net assets, beginning of year	12,352,341	27,622,943	39,975,284
Net assets, end of year	$ 14,331,115	$ 25,947,319	$ 40,278,434

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, 2021

	Program Services	General and Administrative	Fundraising	Total
Personnel	$ 1,865,036	$ 419,100	$ 414,512	$ 2,698,648
Library and public education	11,779	-	-	11,779
Research and special projects	373,143	463	-	373,606
Insurance	81,292	18,268	18,068	117,628
Insurance commission paid	-	214,474	-	214,474
Professional fees and contract services	-	60,666	-	60,666
Supplies and other general expenses	27,527	6,186	6,118	39,831
Repairs and maintenance	113,431	92,959	36,307	242,697
Utilities and telephone	71,214	16,003	15,828	103,045
Transportation	15,893	2,856	98	18,847
Printing and website	7,711	-	-	7,711
Postage and mailing	2,754	1,560	1,099	5,413
Community outreach and recognition	-	-	45,372	45,372
Miscellaneous fees and taxes	25,642	431	3,867	29,940
In-kind legal and goods	5,400	31,040	-	36,440
Cost of goods sold	-	-	-	-
Total expenses before depreciation	2,600,822	864,006	541,269	4,006,097
Depreciation and amortization	251,948	56,616	55,997	364,561
Total expenses	2,852,770	920,622	597,266	4,370,658
Less expenses included with revenues on the Statement of Activities:				
Merchandise cost of goods sold	-	-	-	-
Total expenses included in the expenses section on the Statement of Activities	$ 2,852,770	$ 920,622	$ 597,266	$ 4,370,658

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, 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	2,525,218	560,554	534,760	3,620,532
Depreciation and amortization	219,702	44,782	49,780	314,264
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	399	-	-	399
Total expenses included in the expenses section on the Statement of Activities	$ 2,744,521	$ 605,336	$ 584,540	$ 3,934,397

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, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 4,187,629	$ 303,150
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	364,561	314,264
Loss on sale of equipment	-	11,276
Realized gain on investments	(4,580,813)	(28,235)
Unrealized (gain) loss on investments	(1,010,488)	831,024
Loss on write-off of pledge	-	225,000
Insurance proceeds used for purchase of property, equipment, and improvements	(82,537)	(607,777)
Forgiveness of conditional PPP grant	(461,400)	-
Changes in assets and liabilities:		
Pledges, grants, and bequests receivable	751,289	(376,251)
Accounts receivable	32,002	(8,075)
Inventory	3,600	(2,224)
Prepaid expenses	(5,917)	26,008
Remainder interest in trusts	(9,503)	43,970
Accounts payable and accrued expenses	(14,979)	(134,817)
Total adjustments	(5,014,185)	294,163
Net cash (used) provided by operating activities	(826,556)	597,313
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from CDs	300,000	600,000
Receipt (use) of insurance proceeds	727,429	(750,918)
Sales / withdrawals of endowment investments	(657,617)	308,056
Purchase of property, equipment, and improvements	(155,730)	(314,291)
Proceeds from sale of equipment and land	-	1,000
Net cash provided (used) by investing activities	214,082	(156,153)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from conditional PPP grant	-	461,400
Net cash provided by financing activities	-	461,400
Net (decrease) increase in cash and cash equivalents	(612,474)	902,560
Cash and cash equivalents, beginning of year	2,997,727	2,095,167
Cash and cash equivalents, end of year	$ 2,385,253	$ 2,997,727

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, 2021 and 2020

	2021	2020
Reconciliation of cash and cash equivalents, all accounts, to Statements of Financial Position:		
Cash and cash equivalents	$ 2,339,940	$ 2,929,633
Restricted cash	45,313	68,094
	$ 2,385,253	$ 2,997,727
Non-cash transactions:		
Donation of marketable securities	$ 1,036	$ 1,519
Additional disclosures:		
Property, equipment, and improvements funded by insurance proceeds	$ 82,537	$ 607,777

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

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 five primary properties: the 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 $45,313 and $68,094 at June 30, 2021 and 2020, respectively.

Investments - Investments primarily include corporate stocks, real estate funds 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.

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

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 more 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 significant 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.

Hedging Activities - The Organization adopted ASC 815, *Accounting for Derivative Instruments and Hedging Activities*, which requires that all derivative instruments be recorded on the statement of activities at fair value. On the date derivative contracts are entered into, the Organization designates the derivatives as either (a) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge), (b) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge), or c) a hedge of a net investment in a foreign operation (net investment hedge). Changes in the fair value of derivatives are recorded each period in current earnings. For hedge transactions, changes in fair value of the derivative instrument are generally offset in the statement of activities by changes in the fair value of the item being hedged. The ineffective portions of all hedges are recognized in current period earnings.

In March 2008, FASB issued ASC 815-10, *Disclosures about Derivative Instruments and Hedging Activities*. ASC 815-10 changed the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under ASC 815; and (c) how derivative instruments and related hedge items affect an entity's financial position, financial performance, and cash flows. ASC 815-10 is effective for quarterly interim periods beginning after November 15, 2008, and fiscal years that include those quarterly interim periods. The Organization evaluated the impact of the provisions of ASC 815-10 on its financial statements and determined it did not have a material impact on the Organization's financial statements.

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

Hedging Activities (Continued) - The Organization has invested in several hedge funds at June 30, 2021, totaling $1,662,123: Ironwood Institutional Multi-Strategy Fund LLC, CFG Focused Access Fund, LLC, and Private Advisors Hedged Equity Fund (QP) Ltd.

The funds are invested with multiple underlying hedge funds with various investment strategies. The result is a diversified portfolio of hedge funds which runs across the absolute return and equity hedge spectrum. The objective is to create a balanced portfolio of hedge funds to achieve attractive returns while mitigating risks inherent in any single strategy. In addition, the objective is to provide positive returns with relatively low volatility and correlation when compared to major market indices. The fund of funds is a fund for which the investment advisor does ongoing monitoring and due diligence.

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, a grant of $330,000 has not been recognized in the accompanying financial statements at June 30, 2021 and 2020, respectively, because 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 $2,100,000 and $2,400,000 at June 30, 2021 and 2020, respectively. The CDs held at June 30, 2021, bear interest at rates ranging from 0.30% to 0.55% per annum and are scheduled to mature between August 5, 2021, and November 5, 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.

Use of Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

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

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.

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 2016-02, *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.

Accounting Standards Update, ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* - In September 2020, the FASB amended guidance regarding the way nonprofit organizations report nonfinancial assets, including donated goods and rent, in-kind professional services, etc. The amendment requires contributed nonfinancial assets to be presented separately from cash and other financial assets on the statement of activities, and the footnote disclosure must include a dis-aggregation by type, donor restrictions, if applicable, and other details about the nature and valuation of the nonfinancial assets received. The new standard is effective for fiscal years beginning after June 15, 2021, and could have an impact on the Organization's reporting of contributed nonfinancial assets.

Accounting Standards Update, ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* - In May 2014, the FASB provided a new five-step process for the analysis of contracts with customers and the recognition of revenue resulting from those contracts. Among other steps is the identification of performance obligations under the contracts and the allocation of a transaction price to those performance obligations. The amendment does not affect contributions or investment income. The Organization has elected the practical expedient with regard to the application of this new standard. The new standard was effective for fiscal years beginning after December 15, 2019, and did not have an impact on the Organization's reporting of earned revenue.

Subsequent Events - Subsequent events have been evaluated through February 10, 2022, 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	$ 1,298,892
Other receivables	16,558
Endowment spending rule distributions	1,417,145
Endowment other distributions	750,801
Total	$ 3,483,396

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.

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, 2021 and 2020:

	2021	2020
Current portion	$ 42,379	$ 793,668
Long-term portion	-	-
Total pledges, grants, and bequests	$ 42,379	$ 793,668

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 Directors approved investment consultant. These investments are managed within the ACR Board of Directors 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 Fund Investments* representing unrestricted funds allocated to the managed investment portfolio by the Organization's Board of Directors.

The following are the major categories of marketable equity securities measured at fair value on a recurring basis during the years ended June 30, 2021 and 2020, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	Fair Value Measurements Using				
Description	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Cost or NAV	Total
2021:					
Equity securities	$ 8,604,795	$ -	$ -	$ -	$ 8,604,795
Fixed income	17,164,069	-	-	-	17,164,069
Other	4,272,420	307,824	-	1,662,123	6,242,367
	$ 30,041,284	$ 307,824	$ -	$ 1,662,123	$ 32,011,231
2020:					
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
	$ 25,403,513	$ 358,800	$ -	$ -	$ 25,762,313

The following summarizes the investment income (loss), including operating account activity, during the years ended June 30, 2021 and 2020:

	2021	2020
Realized gain	$ 4,580,813	$ 28,235
Unrealized gain (loss)	1,010,488	(831,024)
Interest and dividend income	528,206	796,296
Investment management fees	(134,897)	(80,158)
	$ 5,984,610	$ (86,651)

NOTE 4 ENDOWMENT AND MANAGED PORTFOLIO INVESTMENTS (Continued)

ACR's investment portfolio 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 Directors. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Law - The Board of Directors 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:

Description	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2021			
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	-	7,401,006	7,401,006
	-	21,988,820	21,988,820
Board-designated investment funds	10,481,795	-	10,481,795
Total funds	$ 10,481,795	$ 21,988,820	$ 32,470,615
Cash and cash equivalents	$ -	$ 459,385	$ 459,385
Board-designated investment funds	10,481,795	-	10,481,795
Donor-restricted endowment funds	-	21,529,435	21,529,435
	$ 10,481,795	$ 21,988,820	$ 32,470,615

NOTE 4 ENDOWMENT AND MANAGED PORTFOLIO INVESTMENTS (Continued)

Description	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2020			
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	$ 7,258,303	$ 18,944,516	$ 26,202,819
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
	$ 7,258,303	$ 18,944,516	$ 26,202,819

Changes in Investment Net Assets for the Fiscal Years Ended June 30, 2021 and 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2019	$ 7,763,052	$ 20,198,115	$ 27,961,167
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	(22,392)	(57,730)	(80,122)
Total investment return	(37,954)	(97,853)	(135,807)
Contributions	-	-	-
Transfers to endowment investments	383,262	-	383,262
Total contributions and changes in contributions	383,262	-	383,262
Appropriation of endowment assets for expenditure:			
Spending rule	(335,688)	(1,060,830)	(1,396,518)
Additional appropriations	(514,369)	(94,916)	(609,285)
Total appropriations	(850,057)	(1,155,746)	(2,005,803)
Endowment net assets, June 30, 2020	7,258,303	18,944,516	26,202,819

NOTE 4 ENDOWMENT AND MANAGED PORTFOLIO INVESTMENTS (Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Investment return:			
Interest and dividends	152,293	360,733	513,026
Realized gain	1,359,814	3,220,999	4,580,813
Unrealized gain	299,963	710,525	1,010,488
Management fees	(40,033)	(94,827)	(134,860)
Total investment return	1,772,037	4,197,430	5,969,467
Contributions	-	-	-
Transfers to endowment investments	2,344,410	-	2,344,410
Total contributions and changes in contributions	2,344,410	-	2,344,410
Appropriation of endowment assets for expenditure:			
Spending rule	(367,006)	(1,064,126)	(1,431,132)
Additional appropriations	(525,949)	(89,000)	(614,949)
Total appropriations	(892,955)	(1,153,126)	(2,046,081)
Endowment net assets, June 30, 2021	$ 10,481,795	$ 21,988,820	$ 32,470,615

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, 2021 or 2020.

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.

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, 2021 and 2020:

	Fair Value Measurements Using				
Description	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	Total
Remainder interest in trusts:					
2021	$ -	$ -	$ -	$ 59,711	$ 59,711
2020	$ -	$ -	$ -	$ 50,208	$ 50,208

NOTE 5 REMAINDER INTEREST IN TRUSTS (Continued)

The following is a reconciliation of the remainder interest in trust activity during the years ended June 30, 2021 and 2020:

Balance, June 30, 2019	$ 94,178
Realized event - cash received	(40,442)
Unrealized loss	(3,528)
Balance, June 30, 2020	50,208
Realized event - cash received	-
Unrealized gain	9,503
Balance, June 30, 2021	$ 59,711

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, 2019	$ 7,890,270	$ 5,972,305	$ 927,776	$ 14,790,351
Additions	-	581,428	340,640	922,068
Disposals	-	-	(18,414)	(18,414)
Balance, June 30, 2020	7,890,270	6,553,733	1,250,002	15,694,005
Additions	-	113,948	124,319	238,267
Balance, June 30, 2021	7,890,270	6,667,681	1,374,321	15,932,272
Accumulated depreciation				
Balance, June 30, 2019		3,084,334	599,791	3,684,125
Write-off		-	(6,138)	(6,138)
Depreciation expense		195,554	118,710	314,264
Balance, June 30, 2020		3,279,888	712,363	3,992,251
Depreciation expense		211,594	152,967	364,561
Balance, June 30, 2021		3,491,482	865,330	4,356,812
Property, equipment, and improvements, net, June 30, 2021	$ 7,890,270	$ 3,176,199	$ 508,991	$ 11,575,460
Property, equipment, and improvements, net, June 30, 2020	$ 7,890,270	$ 3,273,845	$ 537,639	$ 11,701,754

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 Corporation agreed to assignment of various land use restriction agreements.

A major fire occurred in October 2017 in northern California in Sonoma and Napa Counties, with major damage occurring at the organzations' Bouverie Preserve in Glen Ellen, Sonoma County. As of June 30, 2021, ACR has received insurance proceeds totaling $5,861,952 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, 2021 and 2020, insurance transactions were as follows:

Unspent insurance proceeds received as of June 30, 2019	$ 3,610,334
Less: Property, equipment and improvements funded by insurance proceeds	(607,777)
Operating costs funded by insurance proceeds	(143,141)
Total proceeds from insurance recognized, Statement of Activities	(750,918)
Unspent insurance proceeds at June 30, 2020	2,859,416
Add: Insurance proceeds received	1,072,368
Less: Property, equipment, and improvements funded by insurance proceeds	(82,537)
Operating costs funded by insurance proceeds	(47,927)
Commission on proceeds	(214,474)
Total proceeds from insurance recognized, Statement of Activities	(344,938)
Unspent insurance proceeds at June 30, 2021	$ 3,586,846

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 Act ("CARES Act") for $461,400, with a maturity date of April 27, 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 were recognized as income during the year of forgiveness.

NOTE 8 NET ASSETS

Net Assets Without Donor Restrictions:

	2021	2020
Undesignated	$ 5,269,676	$ 5,089,187
Designated by the board - in transit investments	-	1,983,625
Designated by the board - managed investments (see Note 4)	10,481,795	7,258,303
	$ 15,751,471	$ 14,331,115

Net Assets With Donor Restrictions:

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

	2021	2020
Subject to expenditures for specified purposes:		
Mayacamas land restoration	$ 256,722	$ 352,064
Promises to give, the proceeds from which have been restricted by donors for programs	40,000	393,334
Other purposes	439,025	238,635
Subject to the passage of time:		
Remainder interest in trusts	59,711	50,208
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	-	-
Land and buildings, net of accumulated depreciation, per donor restrictions	1,819,969	1,858,217
	2,615,427	2,892,458
Endowments:		
Subject to appropriation and expenditures when a specified event occurs:		
With donor restrictions	2,300,766	452,933
Available for general use	5,100,240	3,903,769
	7,401,006	4,356,702
Subject to the organization's endowment spending policy and appropriation	14,587,814	14,587,814
Total endowments	21,988,820	18,944,516
Land held in perpetuity, per donor restrictions	4,110,345	4,110,345
	$ 28,714,592	$ 25,947,319

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, 2021 and 2020, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	Fair Value Measurements Using			
Description	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2021:				
Equipment and products	$ -	$ 5,400	$ -	$ 5,400
Labor	-	31,040	-	31,040
	$ -	$ 36,440	$ -	$ 36,440
2020:				
Equipment	$ -	$ 9,617	$ -	$ 9,617
Labor	-	26,839	-	26,839
	$ -	$ 36,456	$ -	$ 36,456

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 4,342 hours were provided to ACR during the year ended June 30, 2021, valued at an average rate of $32.11 for a total estimated value of $139,422. 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.

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 $94,011 for the year ended June 30, 2021, and $87,654 for the year ended June 30, 2020.

NOTE 11 LEASE

On March 10, 2021, the Organization entered into an operating lease for warehouse/office space. The lease matures March 31, 2024, and requires base monthly rent of $2,893 plus common area maintenance fees. Monthly rent for the year ended June 30, 2021, was $9,074.

Future minimum payments on the long-term lease are as follows:

Year ending June 30,	
2022	$ 36,294
2023	36,294
2024	27,221
	$ 99,809

NOTE 12 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, 2021, the Organization received bequests, pledges and donations from six sources that represented 22% of total support. 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.

- 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.

NOTE 13 EXCESS OF FDIC

As of June 30, 2021, the Organization had exceeded the Federal Depository Insurance Corporation cash limit of $250,000 on its depository accounts. At June 30, 2021, the Organization had approximately $1,650,000 on deposit in excess of federally insured limits.