



**MASSACHUSETTS AUDUBON SOCIETY, INC.  
AND WHETSTONE WOOD TRUST FUND**

**COMBINED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND**

Contents  
June 30, 2017 and 2016

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50 Washington Street  
Westborough, MA 01581  
508.366.9100  
aafcpa.com

## Independent Auditor's Report

To the Board of Directors, Audit Committee, and Management of  
Massachusetts Audubon Society, Inc. and  
the Trustees of the Whetstone Wood Trust Fund:

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Massachusetts Audubon Society, Inc. (MAS) (a Massachusetts corporation, not for profit) and Whetstone Wood Trust Fund (WWTF) (a Massachusetts inter vivos trust, not for profit) (collectively, Mass Audubon) which comprise the combined statements of financial position as of June 30, 2017 and 2016, and the related combined statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

### ***Management's Responsibility for the Combined Financial Statements***

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to on page one present fairly, in all material respects, the combined financial position of Massachusetts Audubon Society, Inc. and Whetstone Wood Trust Fund as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Alexander, Crosser, Fenning & Co., P.C.*

Westborough, Massachusetts  
November 1, 2017

MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND

Combined Statements of Financial Position  
June 30, 2017 and 2016

Assets	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current Assets:								
Cash and cash equivalents	\$ 8,893,357	\$ 2,270,125	\$ -	\$ 11,163,482	\$ 6,602,310	\$ 4,827,303	\$ -	\$ 11,429,613
Accounts receivable	1,093,533	-	-	1,093,533	1,276,584	-	-	1,276,584
Current portion of pledges receivable, net of allowance	23,984	632,525	-	656,509	84,045	322,563	-	406,608
Inventory	197,856	-	-	197,856	211,874	-	-	211,874
Prepaid expenses	291,484	-	-	291,484	426,528	-	-	426,528
Total current assets	10,500,214	2,902,650	-	13,402,864	8,601,341	5,149,866	-	13,751,207
Investments	10,758,982	56,817,973	72,442,502	140,019,457	4,456,302	50,132,711	69,771,077	124,360,090
Pledges Receivable, net of current portion, allowance and discount	-	125,636	4,949	130,585	26,109	163,713	3,105	192,927
Due to (from) Other Funds	151,167	-	(151,167)	-	(757,092)	927,961	(170,869)	-
Fine Arts Collection	1,368,422	-	25,000	1,393,422	1,368,422	-	25,000	1,393,422
Land	13,243,939	-	46,524,235	59,768,174	10,464,407	-	46,524,235	56,988,642
Property and Equipment, net	40,868,070	-	-	40,868,070	45,733,103	-	-	45,733,103
Total assets	<u>\$ 76,890,794</u>	<u>\$ 59,846,259</u>	<u>\$ 118,845,519</u>	<u>\$ 255,582,572</u>	<u>\$ 69,892,592</u>	<u>\$ 56,374,251</u>	<u>\$ 116,152,548</u>	<u>\$ 242,419,391</u>
<b>Liabilities and Net Assets</b>								
Current Liabilities:								
Accounts payable and accrued expenses	\$ 2,264,424	\$ -	\$ -	\$ 2,264,424	\$ 2,058,357	\$ -	\$ -	\$ 2,058,357
Amount received in advance for future services	4,171,927	-	-	4,171,927	4,174,139	-	-	4,174,139
Current portion of split-interest liabilities	363,305	-	-	363,305	400,234	-	-	400,234
Total current liabilities	6,799,656	-	-	6,799,656	6,632,730	-	-	6,632,730
Split-Interest Agreement Liabilities, net of current portion	3,509,626	-	-	3,509,626	3,349,429	-	-	3,349,429
Total liabilities	10,309,282	-	-	10,309,282	9,982,159	-	-	9,982,159
Net Assets:								
Unrestricted:								
Operating, property, equipment and fine arts	47,677,218	-	-	47,677,218	45,965,767	-	-	45,965,767
Board designated:								
Funds functioning as endowment	8,145,312	-	-	8,145,312	6,034,758	-	-	6,034,758
Other	11,027,882	-	-	11,027,882	8,914,625	-	-	8,914,625
Endowment funds with deficiencies	(268,900)	-	-	(268,900)	(1,004,717)	-	-	(1,004,717)
Total unrestricted	66,581,512	-	-	66,581,512	59,910,433	-	-	59,910,433
Temporarily restricted	-	59,846,259	-	59,846,259	-	56,374,251	-	56,374,251
Permanently restricted	-	-	118,845,519	118,845,519	-	-	116,152,548	116,152,548
Total net assets	66,581,512	59,846,259	118,845,519	245,273,290	59,910,433	56,374,251	116,152,548	232,437,232
Total liabilities and net assets	<u>\$ 76,890,794</u>	<u>\$ 59,846,259</u>	<u>\$ 118,845,519</u>	<u>\$ 255,582,572</u>	<u>\$ 69,892,592</u>	<u>\$ 56,374,251</u>	<u>\$ 116,152,548</u>	<u>\$ 242,419,391</u>

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

MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND

Combined Statements of Activities and Changes in Net Assets  
For the Years Ended June 30, 2017 and 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public Support:</b>								
Investment return designated for current operations	\$ 5,368,628	\$ -	\$ -	\$ 5,368,628	\$ 5,390,233	\$ -	\$ -	\$ 5,390,233
Gifts, grants and budgeted bequests	4,771,390	890,109	-	5,661,499	3,653,551	1,087,468	-	4,741,019
Bequests and legacies	1,920,002	-	473,088	2,393,090	3,583,272	497,231	2,050,062	6,130,565
Government grants	1,093,516	-	-	1,093,516	1,864,492	-	-	1,864,492
Contributed services	334,345	-	-	334,345	289,859	-	-	289,859
Net assets released from program restrictions	1,009,385	(1,009,385)	-	-	689,768	(689,768)	-	-
Total public support	14,497,266	(119,276)	473,088	14,851,078	15,471,175	894,931	2,050,062	18,416,168
<b>Earned Revenue:</b>								
Program income	10,226,263	-	-	10,226,263	9,775,600	-	-	9,775,600
Membership dues	3,649,464	-	-	3,649,464	3,582,643	-	-	3,582,643
Other revenue	-	-	-	-	71,664	-	-	71,664
Total earned revenue	13,875,727	-	-	13,875,727	13,429,907	-	-	13,429,907
Total public support and earned revenue	28,372,993	(119,276)	473,088	28,726,805	28,901,082	894,931	2,050,062	31,846,075
<b>Operating Expenses:</b>								
Program services	22,113,384	-	-	22,113,384	20,280,270	-	-	20,280,270
Administration and general	3,358,328	-	-	3,358,328	3,077,686	-	-	3,077,686
Development	1,840,598	-	-	1,840,598	1,697,108	-	-	1,697,108
Total operating expenses	27,312,310	-	-	27,312,310	25,055,064	-	-	25,055,064
Changes in net assets from operations before depreciation	1,060,683	(119,276)	473,088	1,414,495	3,846,018	894,931	2,050,062	6,791,011
Depreciation	2,504,852	-	-	2,504,852	2,573,104	-	-	2,573,104
Changes in net assets from operations	(1,444,169)	(119,276)	473,088	(1,090,357)	1,272,914	894,931	2,050,062	4,217,907
<b>Non-Operating Revenue (Expenses):</b>								
Capital grants	-	2,976,347	-	2,976,347	-	2,358,295	-	2,358,295
Change in value of split interest agreements	-	(94,857)	-	(94,857)	-	2,467,222	-	2,467,222
Contributions to endowment	-	-	1,707,036	1,707,036	-	-	502,378	502,378
Write-off of capitalized marketing costs	(1,341,387)	-	-	(1,341,387)	-	-	-	-
Contributed property	-	-	-	-	250,000	-	-	250,000
Forgiveness of debt	-	-	-	-	180,055	-	-	180,055
Net assets released from capital restrictions	1,914,510	(1,914,510)	-	-	3,562,864	(3,562,864)	-	-
Net assets released from trust time restrictions	30,895	(30,895)	-	-	-	(1,219,278)	1,219,278	-
Write-off of pledges receivable	-	(35,196)	-	(35,196)	-	-	(67,814)	(67,814)
Investment return	2,126,020	13,989,710	(32,630)	16,083,100	842,756	(4,134,259)	(73,129)	(3,364,632)
Investment return designated for current operations	(1,171,678)	(4,196,950)	-	(5,368,628)	(1,101,877)	(4,288,356)	-	(5,390,233)
Total non-operating revenue (expenses)	1,558,360	10,693,649	1,674,406	13,926,415	3,733,798	(8,379,240)	1,580,713	(3,064,729)
Changes in net assets	114,191	10,574,373	2,147,494	12,836,058	5,006,712	(7,484,309)	3,630,775	1,153,178
<b>Net Assets, beginning of year</b>	59,910,433	56,374,251	116,152,548	232,437,232	56,332,020	63,934,442	111,017,592	231,284,054
Transfer of funds designated for special projects	366,927	(912,404)	545,477	-	(183,851)	(180,816)	364,667	-
Transfer of net assets	6,189,961	(6,189,961)	-	-	(1,244,448)	104,934	1,139,514	-
<b>Net Assets, end of year</b>	<u>\$ 66,581,512</u>	<u>\$ 59,846,259</u>	<u>\$ 118,845,519</u>	<u>\$ 245,273,290</u>	<u>\$ 59,910,433</u>	<u>\$ 56,374,251</u>	<u>\$ 116,152,548</u>	<u>\$ 232,437,232</u>

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

**MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND**

Combined Statements of Cash Flows  
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 12,836,058	\$ 1,153,178
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,504,852	2,573,104
Bad debt - uncollectible pledges	35,196	147,695
Unrealized and realized (gains) losses on investments	(15,165,961)	4,286,784
Write-off of capitalized marketing costs	1,341,387	-
Capital grants	(2,976,347)	(3,175,385)
Endowment contributions	(1,707,036)	(502,378)
Changes in split-interest agreements	486,573	(770,055)
Forgiveness of long-term debt	-	(180,055)
Changes in operating assets and liabilities:		
Accounts receivable	183,051	556,723
Pledges receivable	(226,255)	811,323
Inventory	14,018	(5,777)
Prepaid expenses	135,044	(193,169)
Accounts payable and accrued expenses	206,067	362,045
Amounts received in advance for future services	(2,212)	(233,300)
Net cash provided by (used in) operating activities	<u>(2,335,565)</u>	<u>4,830,733</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(2,726,364)	(6,415,427)
Proceeds from sale of property and equipment	965,626	-
Proceeds from sale of investments	8,160,401	27,263,067
Purchase of investments	(8,667,262)	(26,588,074)
Gift annuity contributions	13,455	100,000
Charitable remainder trusts contributions	-	584,674
Payments to annuitants	(363,305)	(387,004)
Net cash used in investing activities	<u>(2,617,449)</u>	<u>(5,442,764)</u>
<b>Cash Flows from Financing Activities:</b>		
Capital grants	2,976,347	3,175,385
Endowment contributions	1,710,536	503,378
Net cash provided by financing activities	<u>4,686,883</u>	<u>3,678,763</u>
<b>Net Change in Cash and Cash Equivalents</b>	(266,131)	3,066,732
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>11,429,613</u>	<u>8,362,881</u>
End of year	<u>\$ 11,163,482</u>	<u>\$ 11,429,613</u>

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

## MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND

Notes to Combined Financial Statements  
June 30, 2017 and 2016

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### 1. OPERATIONS AND NONPROFIT STATUS

#### Operations

Massachusetts Audubon Society, Inc. (MAS) was established in 1896 and is a state-wide environmental organization working in the areas of land conservation, education, research, and advocacy.

Whetstone Wood Trust Fund (WWTF) was established in 2003 for the purpose of acquiring and holding land for conservation (the Whetstone Wood Wildlife Sanctuary) in Franklin County, Massachusetts. MAS is the sole beneficiary of WWTF and all WWTF trustees are affiliated with MAS. MAS and WWTF are also affiliated through common management.

#### Nonprofit Status

MAS and WWTF are exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). MAS and WWTF are also exempt from state income taxes. Donors may deduct contributions made to MAS and WWTF within the IRC requirements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

MAS and WWTF (collectively, Mass Audubon) prepare their combined financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Principles of Combination

The combined financial statements include the activities and net assets of Mass Audubon. All significant balances between classes of net assets and inter-company balances and transactions have been eliminated in the accompanying combined financial statements.

#### Revenue Recognition and Expense Allocation

Unrestricted gifts and grants are recorded as revenue when received or unconditionally committed. Restricted gifts and grants are recorded as temporarily or permanently restricted net assets if they are received with donor-imposed stipulations that limit their use. Transfers are made to unrestricted net assets as costs are incurred or as time restrictions or program restrictions have lapsed. Donor restricted gifts received and satisfied in the same period are included in unrestricted net assets.

Program income, including camp fees, is recorded as services are provided. Fees and deposits received in advance of services provided are recorded as amount received in advance for future services in the accompanying combined statements of financial position.

MAS receives membership dues from its members. Membership dues are recognized as revenue on the membership start date each year.

MAS occasionally leases its facilities, camp, and watercraft and recognizes rental income when the events occur. Merchandise sales revenue is recognized as items are sold. Rental and merchandise sales revenue are included in program income in the accompanying combined statements of activities and changes in net assets. All other revenue is recognized when earned.



## MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND

Notes to Combined Financial Statements  
June 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition and Expense Allocation (Continued)

Expenses related directly to a program or function are distributed to that program or function, while other expenses are allocated to programs or functions based upon management's estimate of the percentage attributable to each program or function.

Expenses, including depreciation, are allocated as follows for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Program services	\$ 24,453,224	\$ 22,398,661
Administration and general	3,472,591	3,481,842
Development	<u>1,891,347</u>	<u>1,747,665</u>
	<u>\$ 29,817,162</u>	<u>\$ 27,628,168</u>

#### Cash and Cash Equivalents

Management considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents, excluding such assets that are maintained as part of the investment portfolio (see Note 5).

#### Net Assets

##### *Unrestricted Net Assets*

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by Mass Audubon. Mass Audubon has grouped its unrestricted net assets into the following categories:

***Operating, property, equipment and fine arts*** - consists of amounts relating to program and other operating activities that are currently available for operations and the activities relating to the property, equipment and fine arts collection of Mass Audubon.

***Board designated funds functioning as endowment*** - consists of net assets which are part of the endowment set aside by the Board of Directors for various purposes. These funds may only be used with the approval of the Board of Directors (see Note 6).

***Board designated other*** - consists of non-endowment net assets of Mass Audubon that have been set aside by its Board of Directors for various purposes. These funds may only be used with the approval of the Board of Directors.

***Endowment funds with deficiencies*** - consists of the net assets that have fallen below the initial gift value of the individual donor-restricted endowment funds (see Note 6).

##### *Temporarily Restricted Net Assets*

Mass Audubon receives gifts and grants that are designated by donors for specific purposes or for a specific time frame. These gifts are recorded as temporarily restricted net assets until they are expended for their designated purposes, or the time restriction has lapsed. Temporarily restricted net assets also include the accumulated unspent appreciation on permanently restricted net assets in accordance with Massachusetts law.

## MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND

Notes to Combined Financial Statements  
June 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets (Continued)

##### *Temporarily Restricted Net Assets (Continued)*

Temporarily restricted net assets consist of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Accumulated appreciation on permanently restricted endowment (see Note 6)	\$ 47,653,695	\$ 38,990,702
Capital restricted	5,109,219	4,827,303
Split-interest agreements (see Note 13)	4,318,513	3,978,386
Program restricted	<u>2,764,832</u>	<u>8,577,860</u>
	<u>\$ 59,846,259</u>	<u>\$ 56,374,251</u>

##### *Permanently Restricted Net Assets*

Permanently restricted net assets include endowment funds (see Note 6) accumulated from donor-restricted gifts. Earnings from these gifts may be used for operations unless the gift instrument requires them to be added back to permanently restricted net assets, but the principal may not be spent. In accordance with Massachusetts law, all earnings, including interest and dividends, and appreciation of a donor-restricted endowment are temporarily restricted until appropriated by the Board of Directors, and are released to unrestricted net assets based on Mass Audubon's investment spending policy.

Also included in permanently restricted net assets is property required to be held in perpetuity for conservation purposes.

#### **Fair Value Measurements**

Mass Audubon follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that Mass Audubon would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

Mass Audubon uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of Mass Audubon. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

## MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND

Notes to Combined Financial Statements  
June 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

#### *Investments*

Mass Audubon records investments at fair value (see Note 5). Marketable securities are recorded at fair values as derived directly from quotations on major trading exchanges. Split-interest planned giving instruments (see Note 13) are stated at fair value of the underlying investments. Alternative investments are generally non-marketable interests in limited partnerships or similar entities that hold marketable and non-marketable securities, real estate and other assets. In some cases, Mass Audubon has committed to make specified capital contributions and may be obligated to maintain its interests for specified terms. Asset valuations of alternative investments are estimated by each investment manager or derived from valuations by underlying fund managers. These estimated values may differ significantly from the values that would have been used had a ready market existed and those differences could be material.

#### *Split-Interest Agreements*

Split-interest planned giving instruments (see Note 13) are invested in international equity funds, U.S. large, mid and small cap equity funds, real estate investment trusts, and corporate and government fixed income funds which are considered Level 1 inputs. A related liability on planned giving arrangements, based on future payments, is adjusted based on the donor life expectancies and on prevailing interest rates, which are considered Level 2 inputs (see above).

#### *All Other Assets and Liabilities*

The carrying value of all other assets and liabilities does not differ materially from their estimated fair value and is considered Level 1 in the fair value hierarchy.

#### **Investment Return**

Interest, dividends and mutual fund distributions are recorded when earned. Gains and losses are recognized as incurred upon sale or based on fair value changes during the period (see Note 5). Unless otherwise restricted by the donor, investment return is available for operations and is included in unrestricted operating net assets in the accompanying combined financial statements. Mass Audubon's investment policy sets forth guidelines for prudent investment of funds, taking into account liquidity, risk and return characteristics appropriate for different categories of Mass Audubon's holdings.

## MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND

Notes to Combined Financial Statements  
June 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Split-Interest Agreements

Charitable remainder trusts were given to Mass Audubon on the condition that Mass Audubon bind itself to make periodic stipulated payments to the donor or other designated individuals at a stated percentage of the fair value of the trust. Gift annuities were given to Mass Audubon on the condition that Mass Audubon bind itself to make periodic stipulated payments to the donor or other designated individuals. Life income funds were contributed to Mass Audubon subject to the requirement that Mass Audubon periodically pay the income earned on these funds to the donor or other designated individuals. Payments terminate at a time specified in the life income, gift annuity and charitable remainder trust agreements, usually upon death of the donor or designated individual.

#### Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts, if any, is based on management's best estimate of the amount of probable credit losses in accounts receivable, specific identification of probable losses, and an estimate of additional losses based on historical write-off experience. There was no allowance for doubtful accounts as of June 30, 2017 and 2016.

#### Pledges Receivable and Allowance for Uncollectible Pledges

Pledges receivable at June 30, 2017 and 2016, consist of contributions committed to the annual fund and other initiatives (see Note 3). Pledges are discounted to their net present value when unconditionally committed. The reserve for uncollectible pledges is based on past collection experience together with a review of the current status of the existing pledges. Pledge balances are charged off against the reserve when it is probable the pledge will not be recovered.

#### Inventory

Inventory (see Note 4) is stated at the lower of cost or market. Cost is determined on the weighted-average method and market is generally based on net realizable value.

#### Fine Arts Collection

Collection items that were acquired by purchase are capitalized at cost. Mass Audubon discontinued the practice of capitalizing fine arts collection items acquired by contribution. The fine arts collection is not depreciated.

#### Property and Equipment and Depreciation

Property and equipment (see Note 14) having a value of \$1,000 or more and a useful life of at least three years are capitalized. Property and equipment is recorded at cost when purchased or constructed and at fair value when donated. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 40 years
Office furniture and computer equipment	3 - 5 years
Motor vehicles	3 - 5 years
Maintenance and program equipment	3 - 10 years

Capital assets in progress are not depreciated until they are completed and placed into service.

## MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND

Notes to Combined Financial Statements  
June 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment and Depreciation (Continued)

Depreciation expense for the years ended June 30, 2017 and 2016, was \$2,504,852 and \$2,573,104, respectively.

Purchased land is recorded at acquisition cost. Donated land is recorded at a nominal amount because management does not believe the cost and difficulties of obtaining appraisals would be beneficial, given that Mass Audubon generally does not sell donated properties. The cost of purchasing conservation restrictions and easements is not capitalized but is expensed. Land, whether purchased or donated, is not depreciated.

#### Advertising Costs

Mass Audubon expenses advertising costs as they are incurred. Total advertising costs for the years ended June 30, 2017 and 2016, were \$47,210 and \$55,996, respectively.

#### Contributed Services

Contributions of services (see Note 9) are recognized at their estimated fair value, if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services of volunteers which do not meet these criteria are not recorded in the combined financial statements.

#### Bequests and Legacies

Mass Audubon is and may be named a beneficiary of various trusts and wills. The amounts to be received, if any, cannot be determined and, therefore, are only reflected in Mass Audubon's combined financial statements when the amounts are received or become known. The first \$250,000 of unrestricted bequests and legacies received during a fiscal year is budgeted for operations by the Board of Directors and the remaining portion is deposited into the Board Designated Endowment. All bequests and legacies are included in public support in the accompanying combined statements of activities and changes in net assets for the years ended June 30, 2017 and 2016.

#### Estimates

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Subsequent Events

Subsequent events have been evaluated through November 1, 2017, which is the date the combined financial statements were available to be issued. Except for the land purchase at Note 16, there were no events that met the criteria for recognition or disclosure in the combined financial statements.

## MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND

Notes to Combined Financial Statements  
June 30, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes

Mass Audubon accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. Mass Audubon has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at June 30, 2017 and 2016. Mass Audubon's information returns are subject to examination by the federal and state jurisdictions.

#### Combined Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major or central to the provision of program services are reported as operating revenue and operating expenses in the accompanying combined statements of activities and changes in net assets. Non-operating revenue (expenses) include endowment, capital, and investment activity.

### 3. PLEDGES RECEIVABLE

MAS has pledges receivable as follows at June 30:

	<u>2017</u>	<u>2016</u>
Due in less than one year	\$ 701,928	\$ 490,884
Due in one to five years	<u>159,065</u>	<u>214,271</u>
	860,993	705,155
Less – discount to net present value at pledge date	32,474	23,822
Less - reserve for uncollectible pledges	<u>41,425</u>	<u>81,798</u>
	<u>\$ 787,094</u>	<u>\$ 599,535</u>

Pledges receivable are primarily from foundations, corporations, and individuals located throughout Massachusetts. Pledges with permanent restrictions have been included in long-term pledges in the accompanying combined statements of financial position as of June 30, 2017 and 2016. Long-term pledges have been discounted using discount factors of 3% at June 30, 2017 and 2016.

### 4. INVENTORY

Inventory consists of the following at June 30:

	<u>2017</u>	<u>2016</u>
Retail merchandise at Lincoln gift shop	\$ 143,142	\$ 156,892
Other retail merchandise	44,836	35,812
Publications	<u>9,878</u>	<u>19,170</u>
	<u>\$ 197,856</u>	<u>\$ 211,874</u>

**MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND**

Notes to Combined Financial Statements  
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**5. INVESTMENTS**

Investments are classified by level within a fair value measurement framework (see Note 1) as follows, and are stated at corresponding fair values in the accompanying combined statements of financial position as of June 30:

	<b>2017</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Mutual funds:				
Large cap	\$ 19,782,493	\$ -	\$ -	\$ 19,782,493
International	13,450,146	-	-	13,450,146
Fixed income	5,776,245	-	-	5,776,245
Private equities:				
Common stock - privately held company	-	-	838,639	838,639
Money market funds	639,252	-	-	639,252
Alternative investments:				
Commingled trust funds *	-	-	-	41,357,429
Fund of funds *	-	-	-	22,127,849
Limited partnerships *	-	-	-	20,014,161
Direct hedge funds *	-	-	-	7,841,799
Other investments:				
Planned giving assets	<u>8,191,444</u>	<u>-</u>	<u>-</u>	<u>8,191,444</u>
	<u>\$ 47,839,580</u>	<u>\$ -</u>	<u>\$ 838,639</u>	<u>\$ 140,019,457</u>
	<b>2016</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Mutual funds:				
Large cap	\$ 17,104,311	\$ -	\$ -	\$ 17,104,311
International	10,450,141	-	-	10,450,141
Fixed income	3,692,047	-	-	3,692,047
Private equities:				
Common stock - privately held company	-	-	871,269	871,269
Money market funds	549,358	-	-	549,358
Alternative investments:				
Commingled trust funds *	-	-	-	35,923,371
Fund of funds *	-	-	-	21,353,780
Limited partnerships *	-	-	-	19,356,432
Direct hedge funds *	-	-	-	7,331,332
Other investments:				
Planned giving assets	<u>7,728,049</u>	<u>-</u>	<u>-</u>	<u>7,728,049</u>
	<u>\$ 39,523,906</u>	<u>\$ -</u>	<u>\$ 871,269</u>	<u>\$ 124,360,090</u>

\* In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the combined statements of financial position.

**MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND**Notes to Combined Financial Statements  
June 30, 2017 and 2016

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**5. INVESTMENTS (Continued)**

Planned giving assets consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Charitable remainder trusts	\$ 4,454,647	\$ 4,142,167
Gift annuities	2,515,928	2,376,098
Life income funds	<u>1,220,869</u>	<u>1,209,784</u>
	<u>\$ 8,191,444</u>	<u>\$ 7,728,049</u>

Planned giving assets are invested in a variety of investment types, all of which are valued using Level 1 inputs (see page 8).

Included in investments is an investment in a privately held company acquired as part of a bequest. Because no market price is available, this investment is carried at the donor's estate tax value as annually adjusted based on the change in equity of the company, which is considered a Level 3 input (see page 8). The value at June 30, 2017 and 2016, was \$838,639 and \$871,269, respectively.

A reconciliation of the Level 3 investment activity was as follows for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 871,269	\$ 944,398
Net unrealized loss on investments	<u>(32,630)</u>	<u>(73,129)</u>
Ending balance	<u>\$ 838,639</u>	<u>\$ 871,269</u>

As of June 30, 2017, Mass Audubon was committed to contribute approximately \$7,200,000 in additional capital to alternative investments throughout the terms of those investments, normally not to exceed fifteen years.

The following is a summary of investment return (loss) for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Unrealized gains (losses) on investments	\$ 14,051,656	\$ (3,993,921)
Realized gains (losses) on investments	1,114,305	(292,863)
Interest and dividends, net of fees	<u>917,139</u>	<u>922,152</u>
	<u>\$ 16,083,100</u>	<u>\$ (3,364,632)</u>

Investment management fees paid directly to managers are included in administration and general expenses in the accompanying combined statements of activities and changes in net assets. Additional investment fees that were not paid directly to the managers have been netted against the return on certain investments. Investments are not insured and are subject to ongoing market fluctuations.



## MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND

Notes to Combined Financial Statements  
June 30, 2017 and 2016

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### 6. ENDOWMENT

The Mass Audubon Pooled Endowment Fund (the Fund) consists of approximately three hundred thirty individual funds established for a variety of purposes. The Fund includes donor-restricted endowment funds, the WWTF endowment funds, and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Mass Audubon classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Mass Audubon Board of Directors.

Mass Audubon considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of Mass Audubon 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 Mass Audubon.
7. The investment policies of Mass Audubon.

#### **Investment Return Objectives, Risk Parameters and Strategies**

The Fund has been established over many years by many generous contributors. The Fund provides, from its current income and capital, a substantial portion of the resources used to support Mass Audubon's environmental and conservation programs and activities. Preservation of that capital, measured by real spending power, is critical to the present, as well as the future ability of Mass Audubon to accomplish its mission. The overall risk tolerance parameters and objectives established by Mass Audubon's Investment Committee are as follows:

- The foremost responsibility of the Investment Committee is to preserve the purchasing power of the Fund. Preservation shall be measured in terms of real spending power after adjustment for additions to and withdrawals from the Fund.
- Consistency of performance is of paramount importance.
- Moderate volatility of investment return (risk) of the Fund's assets will be tolerated with the expectation that assets will grow at a rate commensurate with the level of risk.
- Capital appreciation is needed by the Fund to keep ahead of inflation over the long run (a real rate of return over inflation).
- Downside market protection is more important than maximizing returns of the upside of the market.

The Investment Committee has established an asset allocation policy, investment guidelines and performance standards for the investment of the Fund's assets, in order to control risk and monitor investment performance. In recognition of the prudence required of fiduciaries, reasonable diversification is sought where possible. Experience has shown that financial markets and inflation rates are cyclical, and therefore, control of volatility is most likely to be achieved through diversification of asset classes, and, where appropriate, selection of managers of diverse investment styles.

**MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND**

Notes to Combined Financial Statements  
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**6. ENDOWMENT (Continued)**

**Spending Policy**

Spending from every donor-restricted endowment fund is governed by the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA). In January of each year, Mass Audubon's Investment Committee reviews information showing the fair value for the Fund (less outstanding loans and deferred contributions) at December 31<sup>st</sup> of the preceding year and for the three preceding calendar quarters and also reviews the amount of spending from the Fund in the current fiscal year. The spending amount for the next fiscal year is calculated by: 1) multiplying the current fiscal year spending amount from the Fund by one plus the percentage increase in the Consumer Price Index (CPI-U) for the then-ended calendar year and then by seventy percent and 2) by adding to this amount a second amount which is determined by multiplying a trailing average of the market value of the Fund at December 31<sup>st</sup> and the preceding three calendar quarters by a spending rate determined by the Investment Committee and then by thirty percent. In computing the average of the Fund to be used for the spending rate decision, net endowment additions for each of the four preceding calendar quarters will be added back. The Investment Committee recommends the amount so calculated for the next fiscal year to the Board of Directors, which then determines the spending rate. The Investment Committee determines the details of this policy and monitors its implementation.

**Endowment Funds with Deficiencies**

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the donor restricted contributions. In accordance with U.S. GAAP, deficiencies of this nature are reported in unrestricted net assets and totaled \$268,900 and \$1,004,717 as of June 30, 2017 and 2016, respectively.

**Endowment Activity**

The following table summarizes activity of Mass Audubon's endowment:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Endowment</u>
Endowment net assets, June 30, 2015	\$ 2,791,048	\$ 46,504,334	\$ 65,607,871	\$ 114,903,253
Investment return	(131,335)	(3,052,165)	(73,129)	(3,256,629)
Contributions	3,435,483	-	3,703,904	7,139,387
Appropriation of assets	(1,065,155)	(173,112)	364,667	(873,600)
Investment return designated for current operations	-	(4,288,355)	-	(4,288,355)
Sub-total	<u>2,238,993</u>	<u>(7,513,632)</u>	<u>3,995,442</u>	<u>(1,279,197)</u>
Endowment net assets, June 30, 2016	<u>5,030,041</u>	<u>38,990,702</u>	<u>69,603,313</u>	<u>113,624,056</u>
Investment return	1,093,287	13,011,610	(32,630)	14,072,267
Contributions	1,824,264	-	2,180,124	4,004,388
Appropriation of assets	(71,180)	(151,667)	545,477	322,630
Investment return designated for current operations	-	(4,196,950)	-	(4,196,950)
Sub-total	<u>2,846,371</u>	<u>8,662,993</u>	<u>2,692,971</u>	<u>14,202,335</u>
Endowment net assets, June 30, 2017	<u>\$ 7,876,412</u>	<u>\$ 47,653,695</u>	<u>\$ 72,296,284</u>	<u>\$ 127,826,391</u>

## MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND

Notes to Combined Financial Statements  
June 30, 2017 and 2016

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### 7. DEBT

#### Long-Term Debt

MAS had a \$180,055 unsecured non-interest bearing note payable. There were no required minimum payments and the balance of the note was due in July 2024. Annually, the lender had the option to forgive a discretionary portion of the principal. During fiscal year 2016, the note was forgiven in full.

#### Note Payable to a Bank

At June 30, 2017 and 2016, MAS has available up to \$100,000 on an unsecured line of credit agreement with a bank which expires on May 29, 2018. Borrowings under the line of credit bear interest at the London Interbank Offered Rate (LIBOR) Advantage Rate (1.17% and 0.45% at June 30, 2017 and 2016, respectively), plus 2%. This agreement contains certain financial and non-financial covenants with which MAS must comply. Management is not aware of any violations of the covenants as of June 30, 2017 and 2016. At June 30, 2017 and 2016, no borrowings were outstanding under the line of credit agreement.

### 8. RETIREMENT PLAN

MAS has a defined contribution pension plan pursuant to Internal Revenue Service (IRS) Section 403(b) in which all eligible employees can elect to defer a percentage of their compensation. MAS also contributes 4% of an employee's salary if the employee meets certain requirements.

In addition, MAS will match a portion of the employee's deferral up to 4% of eligible compensation. The employee's elective deferral and MAS matching contributions are subject to IRS limitations. For the years ended June 30, 2017 and 2016, MAS contributions to the plan totaled approximately \$818,000 and \$766,000, respectively.

### 9. CONTRIBUTED PROPERTY AND SERVICES

The value of donated property and services (see page 10) and the corresponding expenses included in the accompanying combined statements of activities and changes in net assets for the years ended June 30, 2017 and 2016, consist of:

	<u>2017</u>	<u>2016</u>
Volunteer hours at sanctuaries	\$ 334,345	\$ 289,859
Donated property	<u>-</u>	<u>250,000</u>
	<u>\$ 334,345</u>	<u>\$ 539,859</u>

In addition, each year more than fourteen thousand volunteers donate a total of more than 150,000 hours of time to MAS environmental education, advocacy, research, and sanctuary program services. No amounts have been reflected in the accompanying combined financial statements for these volunteer services, since the contributed services did not meet the criteria for recognition under U.S. GAAP (see page 10).

## MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND

Notes to Combined Financial Statements  
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### 10. COMMITMENTS

On January 1, 2001, MAS entered into a consulting agreement with a former president of MAS. The agreement provided for two phases: the first, through June 30, 2008, established a monthly consulting fee and reimbursement for certain expenses in return for the former president's services for a fixed number of days per year; the second, which commenced on July 1, 2008, continues until the former president's death, and provides a monthly consulting fee in return for the former president's services for a reduced number of days per year.

### 11. CONCENTRATIONS

#### Credit Risk

Mass Audubon maintains its operating cash balances in two banks in Massachusetts, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. Mass Audubon has not experienced any losses in such accounts.

#### Funding

MAS receives funding under federal contracts. Payments to MAS are subject to audit by the appropriate government agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the combined financial position of Mass Audubon as of June 30, 2017 and 2016, or on its results of operations for the years then ended. As of June 30, 2017 and 2016, two government agencies represent 44% and 32% of accounts receivable, respectively.

Approximately 57% of gross pledges receivable at June 30, 2017, was due from three donors. Approximately 28% of gross pledges receivable at June 30, 2016, was due from two donors.

### 12. TRANSFERS RELATED TO SPECIAL PROJECTS

MAS engages donors in various capital campaigns in support of its wildlife sanctuaries. Upon completion of a capital campaign, any unexpended amounts are transferred to the endowment or used for operations.

### 13. SPLIT-INTEREST AGREEMENTS

Mass Audubon is the beneficiary of various split-interest planned giving arrangements. These gifts are classified within the following categories:

**Charitable gift annuities** – A donor transfers assets to Mass Audubon in return for a promise to pay a specific annuity to a designated beneficiary for their lifetime. Under this arrangement, the obligation to make annuity payments is guaranteed by all assets of Mass Audubon. Upon the beneficiary's death, the annuity payment obligation ceases and the remaining balance is recorded as a gift. These funds have been discounted to their net present value based upon the donor's expected life and the IRS Federal rate for determining the present value of an annuity (2.40% and 1.80% at June 30, 2017 and 2016, respectively).

**Pooled life income funds** – A donor invests in a pooled investment fund. The income generated is paid to a designated beneficiary over their lifetime. Upon the beneficiary's death, the value of the donor's units in the fund is transferred to the unrestricted net assets of Mass Audubon, unless the donor has designated these funds for a permanently restricted purpose. The pooled income funds are included in temporarily restricted net assets at June 30, 2017 and 2016. These funds have been discounted to their net present value based upon the donor's expected life and a rate of (2.31% and 1.49% at June 30, 2017 and 2016, respectively).

**MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND**

Notes to Combined Financial Statements  
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**13. SPLIT-INTEREST AGREEMENTS (Continued)**

**Charitable remainder trusts** – Charitable remainder trusts were given to Mass Audubon on the condition that Mass Audubon bind itself to make periodic stipulated payments to the donor or other designated individuals at a stated percentage of the fair value of the trust. Upon the beneficiary’s death, the stipulated payment obligation ceases. These funds have been discounted to their net present value based upon the donor’s expected life and the IRS Federal rate for determining the present value of an annuity (2.40% and 1.80% at June 30, 2017 and 2016, respectively).

Split-interest agreements are comprised of the following as of June 30:

	<b>2017</b>			
	<u>Charitable Gift Annuities</u>	<u>Pooled Income Funds</u>	<u>Charitable Remainder Trusts</u>	<u>Total</u>
Asset	\$ 2,515,928	\$ 1,220,869	\$ 4,454,647	\$ 8,191,444
Obligations	<u>1,539,604</u>	<u>167,793</u>	<u>2,165,534</u>	<u>3,872,931</u>
Total net assets	<u>\$ 976,324</u>	<u>\$ 1,053,076</u>	<u>\$ 2,289,113</u>	<u>\$ 4,318,513</u>
	<b>2016</b>			
	<u>Charitable Gift Annuities</u>	<u>Pooled Income Funds</u>	<u>Charitable Remainder Trusts</u>	<u>Total</u>
Asset	\$ 2,376,098	\$ 1,209,785	\$ 4,142,166	\$ 7,728,049
Obligations	<u>1,596,962</u>	<u>85,455</u>	<u>2,067,246</u>	<u>3,749,663</u>
Total net assets	<u>\$ 779,136</u>	<u>\$ 1,124,330</u>	<u>\$ 2,074,920</u>	<u>\$ 3,978,386</u>

The changes in split-interest agreement liabilities for which Mass Audubon has used Level 3 inputs to determine fair value were as follows for the fiscal years ended June 30:

	<u>2017</u>	<u>2016</u>
Beginning Balance	\$ 3,749,663	\$ 4,906,722
Payments	(363,305)	(387,004)
Change in value	489,057	(389,118)
Releases due to death of beneficiary	<u>(2,484)</u>	<u>(380,937)</u>
Ending Balance	<u>\$ 3,872,931</u>	<u>\$ 3,749,663</u>

**MASSACHUSETTS AUDUBON SOCIETY, INC. AND WHETSTONE WOOD TRUST FUND**Notes to Combined Financial Statements  
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**14. PROPERTY AND EQUIPMENT**

Property and equipment is comprised of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Buildings and improvements	\$ 44,168,239	\$ 49,231,924
Capital assets in progress	9,698,738	16,495,645
Office furniture and computer equipment	659,845	2,950,198
Motor vehicles	1,059,346	2,449,497
Maintenance and program equipment	<u>630,927</u>	<u>1,100,171</u>
	56,217,095	72,227,435
Less - accumulated depreciation	<u>15,349,025</u>	<u>26,494,332</u>
Net property and equipment	<u>\$ 40,868,070</u>	<u>\$ 45,733,103</u>

**15. TRANSFERS**

During fiscal year 2017 MAS clarified certain restricted net assets resulting in the following reclassifications between net asset categories:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Transferred from temporarily restricted to unrestricted	<u>\$ 6,189,961</u>	<u>\$ (6,189,961)</u>	<u>\$ -</u>

**16. SUBSEQUENT EVENT**

Subsequent to June 30, 2017, Mass Audubon purchased 429 acres of land in Plymouth, Massachusetts for approximately \$2.3 million.

**17. RECLASSIFICATIONS**

Certain amounts in the June 30, 2016 financial statements have been reclassified to conform to the June 30, 2017 combined presentation.