

MASSACHUSETTS AUDUBON SOCIETY, INC.

**FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

MASSACHUSETTS AUDUBON SOCIETY, INC.

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION JUNE 30, 2010 AND 2009	2
STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2010 AND 2009	3
STATEMENTS OF CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2010 AND 2009	4
STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2010 AND 2009	5
NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2010 AND 2009	6 - 18
INDEPENDENT AUDITORS' REPORT ON ACCOMPANYING INFORMATION	19
ACCOMPANYING INFORMATION	
SCHEDULE OF FUNCTIONAL REVENUES (UNRESTRICTED OPERATING FUND ONLY) YEAR ENDED JUNE 30, 2010 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)	20
SCHEDULE OF FUNCTIONAL EXPENSES (UNRESTRICTED OPERATING FUND ONLY) YEAR ENDED JUNE 30, 2010 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)	21

INDEPENDENT AUDITORS' REPORT

Board of Directors and
The Auditing Committee
Massachusetts Audubon Society, Inc.
Lincoln, Massachusetts

We have audited the accompanying statements of financial position of Massachusetts Audubon Society, Inc. (a Massachusetts non-profit organization) as of June 30, 2010 and 2009, and the related statements of activities, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Massachusetts Audubon Society, Inc. management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Massachusetts Audubon Society, Inc. has consistently followed the practice of recording donated land at a nominal amount because management does not believe the cost and difficulties of obtaining appraisals would be beneficial, given that the organization generally does not sell donated properties. U.S. generally accepted accounting principles require that such donated property be recorded at its fair value at the date of receipt. It was not practicable to determine the effects of this departure from U.S. generally accepted accounting principles on the financial statements.

In our opinion, except for the effects of recording donated land at a nominal amount as discussed in the third paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Massachusetts Audubon Society, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

November 1, 2010

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MASSACHUSETTS AUDUBON SOCIETY, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2010 AND 2009

	2010				2009			
	<u>ASSETS</u>							
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,039,416	\$ 4,250,212	\$ -	\$ 5,289,628	\$ 1,003,790	\$ 4,453,249	\$ -	\$ 5,457,039
Investments	5,453,470	44,211,894	55,933,169	105,598,533	4,474,857	39,678,109	55,141,619	99,294,585
Accounts receivable	1,847,458	-	-	1,847,458	1,690,973	-	-	1,690,973
Pledges receivable	714,761	2,365,468	477,499	3,557,728	953,580	2,269,139	702,239	3,924,958
Inventory	292,283	-	-	292,283	294,080	-	-	294,080
Prepaid expenses	200,924	-	-	200,924	255,472	-	-	255,472
Fine arts collection	1,368,422	-	25,000	1,393,422	1,368,422	-	25,000	1,393,422
Property and equipment, net	44,924,911	-	45,384,721	90,309,632	42,753,414	-	45,384,721	88,138,135
Interfund balances	(3,295,582)	3,394,231	(98,649)	-	(3,020,221)	3,135,980	(115,759)	-
TOTAL ASSETS	<u>\$ 52,546,063</u>	<u>\$ 54,221,805</u>	<u>\$ 101,721,740</u>	<u>\$ 208,489,608</u>	<u>\$ 49,774,367</u>	<u>\$ 49,536,477</u>	<u>\$ 101,137,820</u>	<u>\$ 200,448,664</u>
	<u>LIABILITIES AND NET ASSETS</u>							
Accounts payable and accrued expenses	\$ 1,572,623	\$ -	\$ -	\$ 1,572,623	\$ 1,889,248	\$ -	\$ -	\$ 1,889,248
Deferred grants	-	266,207	-	266,207	-	296,095	-	296,095
Amount received in advance for future services	2,448,686	-	-	2,448,686	2,158,955	-	-	2,158,955
Reserve for unemployment benefits	202,248	-	-	202,248	176,154	-	-	176,154
Split-interest agreement liabilities	-	4,199,331	-	4,199,331	-	4,797,713	-	4,797,713
Long-term debt	180,055	-	-	180,055	180,055	-	-	180,055
Total liabilities	<u>4,403,612</u>	<u>4,465,538</u>	<u>-</u>	<u>8,869,150</u>	<u>4,404,412</u>	<u>5,093,808</u>	<u>-</u>	<u>9,498,220</u>
Total net assets	<u>48,142,451</u>	<u>49,756,267</u>	<u>101,721,740</u>	<u>199,620,458</u>	<u>45,369,955</u>	<u>44,442,669</u>	<u>101,137,820</u>	<u>190,950,444</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 52,546,063</u>	<u>\$ 54,221,805</u>	<u>\$ 101,721,740</u>	<u>\$ 208,489,608</u>	<u>\$ 49,774,367</u>	<u>\$ 49,536,477</u>	<u>\$ 101,137,820</u>	<u>\$ 200,448,664</u>

See Notes to Financial Statements.

MASSACHUSETTS AUDUBON SOCIETY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2010 AND 2009

	2010					2009				
	Unrestricted		Temporarily Restricted	Permanently Restricted	Total	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Operating	Other				Operating	Other			
Public Support and Revenue										
Public Support:										
Gifts and grants	\$ 2,751,602	\$ -	\$ 4,230,761	\$ 276,384	\$ 7,258,747	\$ 3,433,116	\$ 300,000	\$ 2,827,503	\$ 493,952	\$ 7,054,571
Government contracts	1,083,669	-	66,221	-	1,149,890	1,061,103	-	193,886	-	1,254,989
Legacies and bequests	581,866	-	-	65,785	647,651	1,649,119	-	-	241,098	1,890,217
Total public support	4,417,137	-	4,296,982	342,169	9,056,288	6,143,338	300,000	3,021,389	735,050	10,199,777
Revenue:										
Membership dues	3,162,073	-	-	-	3,162,073	3,127,745	-	-	-	3,127,745
Program income	6,509,733	-	761,879	-	7,271,612	6,309,265	-	149,771	-	6,459,036
Gain (loss) on investments	-	1,380,558	6,892,058	46,225	8,318,841	-	(3,541,034)	(23,582,424)	(271,161)	(27,394,619)
Gain on pension termination	-	-	-	-	-	-	685,864	-	-	685,864
Interest and dividends	2,001,722	-	114,907	-	2,116,629	2,857,092	-	132,468	-	2,989,560
Contributed services	317,948	-	-	-	317,948	215,119	-	-	-	215,119
Other revenue	-	-	11,586	-	11,586	(364)	-	44,519	-	44,155
Withdrawal for spending rate	3,158,866	(222,447)	(2,936,419)	-	-	2,421,194	(136,729)	(2,284,465)	-	-
Fund special projects	-	(510,104)	510,104	-	-	(685,864)	(526,011)	1,211,875	-	-
Net other interfund transfers	(281,091)	6,448	79,117	195,526	-	72,801	136,729	(324,349)	114,819	-
Net assets released from restrictions:										
Satisfaction of program restrictions	514,913	4,529,163	(5,044,076)	-	-	506,352	2,965,085	(3,471,437)	-	-
Total revenue	15,384,164	5,183,618	389,156	241,751	21,198,689	14,823,340	(416,096)	(28,124,042)	(156,342)	(13,873,140)
Total public support and revenue	19,801,301	5,183,618	4,686,138	583,920	30,254,977	20,966,678	(116,096)	(25,102,653)	578,708	(3,673,363)
Expenses										
Program and member services expenses	16,495,429	1,900,295	-	-	18,395,724	16,783,358	2,500,463	-	-	19,283,821
Administration and general expenses	2,161,574	414,834	-	-	2,576,408	2,057,590	342,476	-	-	2,400,066
Development expenses	1,236,207	4,084	-	-	1,240,291	1,232,787	402,644	-	-	1,635,431
Fund depreciation	(205,605)	205,605	-	-	-	(222,724)	222,724	-	-	-
Net interfund transfers	(219,396)	219,396	-	-	-	(234,534)	234,534	-	-	-
Total expenses	19,468,209	2,744,214	-	-	22,212,423	19,616,477	3,702,841	-	-	23,319,318
Changes in split-interest agreements	-	-	627,460	-	627,460	-	-	370,005	-	370,005
Add surplus unrestricted bequests to endowment	(333,302)	333,302	-	-	-	(1,400,673)	1,400,673	-	-	-
Change in net assets	\$ (210)	\$ 2,772,706	\$ 5,313,598	\$ 583,920	\$ 8,670,014	\$ (50,472)	\$ (2,418,264)	\$ (24,732,648)	\$ 578,708	\$ (26,622,676)

See Notes to Financial Statements.

MASSACHUSETTS AUDUBON SOCIETY, INC.

STATEMENTS OF CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>Unrestricted</u>		<u>Temporarily</u>	<u>Permanently</u>	
	<u>Operating</u>	<u>Other</u>	<u>Restricted</u>	<u>Restricted</u>	<u>Total</u>
BALANCE AT JULY 1, 2008	\$ 450,685	\$ 47,388,006	\$ 69,175,317	\$ 100,559,112	\$ 217,573,120
Change in net assets	<u>(50,472)</u>	<u>(2,418,264)</u>	<u>(24,732,648)</u>	<u>578,708</u>	<u>(26,622,676)</u>
BALANCE AT JUNE 30, 2009	400,213	44,969,742	44,442,669	101,137,820	190,950,444
Change in net assets	<u>(210)</u>	<u>2,772,706</u>	<u>5,313,598</u>	<u>583,920</u>	<u>8,670,014</u>
BALANCE AT JUNE 30, 2010	<u>\$ 400,003</u>	<u>\$ 47,742,448</u>	<u>\$ 49,756,267</u>	<u>\$ 101,721,740</u>	<u>\$ 199,620,458</u>

See Notes to Financial Statements.

MASSACHUSETTS AUDUBON SOCIETY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2010 AND 2009

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 8,670,014	\$ (26,622,676)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,733,832	1,813,567
(Gain) loss on investments	(8,318,841)	27,394,619
Changes in split-interest agreements	(598,381)	(139,132)
Forgiveness of long-term debt	-	(32,305)
Gain on termination of retirement plan	-	(685,864)
Allowance for uncollectible pledges	(3,000)	(20,018)
Amortization of pledge discount	476,609	(4,734,542)
Donation of fine arts	-	(300,000)
Change in certain assets and liabilities:		
Accounts receivable	(156,485)	(1,118,333)
Pledges receivable	(106,379)	4,549,109
Inventory	1,797	(12,031)
Prepaid expenses	54,548	(1,516)
Accounts payable and accrued expenses	(316,625)	496,576
Deferred grant revenue	(29,888)	(80,003)
Amounts received in advance for future services	289,731	93,894
Reserve for unemployment benefits	26,094	86,218
	<u>1,723,026</u>	<u>687,563</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,905,329)	(1,475,154)
Proceeds from sale of investments	36,509,883	20,477,886
Purchase of investments	(34,494,991)	(21,388,789)
Proceeds from termination of retirement plan	-	1,328,519
	<u>(1,890,437)</u>	<u>(1,057,538)</u>
Net cash used in investing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(167,411)	(369,975)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,457,039</u>	<u>5,827,014</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,289,628</u>	<u>\$ 5,457,039</u>

See Notes to Financial Statements.

MASSACHUSETTS AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Note 1 - Summary of Significant Accounting Policies

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

The Internal Revenue Service has recognized Mass Audubon as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code which provides for the exemption of organizations that are organized and operated exclusively for religious, charitable, scientific, literary or educational purposes and whose net earnings do not inure to the benefit of any private shareholder or individual. Gifts to Mass Audubon are tax deductible.

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

Financial Statement Presentation - In accordance with U.S. generally accepted accounting principles, Mass Audubon is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Contributions - In accordance with U.S. generally accepted accounting principles, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Recognition of Donor Restrictions - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the same reporting period. All other donor-restricted support is reported as an increase in temporarily restricted net assets or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Fine Arts Collection - Mass Audubon capitalizes fine arts collection items acquired by purchase or contribution in accordance with U.S. generally accepted accounting principles. Collection items that are acquired by purchase or contribution are capitalized at cost.

Contributed Services - In accordance with U.S. generally accepted accounting principles, contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) 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 financial statements.

Cash Equivalents - Cash equivalents consist of highly liquid investments with original maturities of 90 days or less. Cash equivalents are carried at cost which approximates market.

Concentration of Credit Risk - Financial instruments which potentially subject Mass Audubon to concentration of credit risk consist principally of temporary cash investments. Mass Audubon places its temporary cash investments in high quality financial institutions. However, a portion of temporary cash investments may exceed FDIC insured levels from time to time. The maximum loss that would have resulted from the risk amounted to approximately \$4,620,000 and \$5,400,000 at June 30, 2010 and 2009, respectively. This amount is exclusive of money market accounts included in investments.

Inventory - Inventory 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.

MASSACHUSETTS AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

Pledges Receivable - Unconditional promises to give are recognized as revenue or gains in the period received and as assets or decreases of liabilities, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The allowance for doubtful accounts is determined by applying a percentage against total pledges receivable, based upon management's judgment concerning the future collectability of the receivables.

Investments - Investments in stocks, bonds, mutual funds, money market funds and limited partnerships are accounted for in accordance with U.S generally accepted accounting principles. Such investments are stated at market value. Investments in life income funds, gift annuities funds and charitable remainder unitrusts are stated at the market value of the underlying investments. Unless specific prohibitive clauses are contained in the gift instruments, funds for investment have been combined into one of two investment pools, general investment and life income trusts. All gains and losses arising from the sale, collection, or other disposition of investments and other non-cash assets and unrealized gains and losses on investments are reflected in the statement of activities.

Endowment 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 the Uniform Prudent Management of Institutional Funds Act requires Mass Audubon to retain as a fund for perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets and amount to \$1,866,553 and \$2,853,622 as of June 30, 2010 and 2009, respectively.

Property and Equipment - Buildings, furniture, equipment and motor vehicles are carried at cost less depreciation. Mass Audubon computes depreciation using the straight-line method calculated to amortize the cost of the assets over their estimated useful lives. Depreciation expense amounted to \$1,733,832 and \$1,813,567 for the years ended June 30, 2010 and 2009, 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. For the years ended June 30, 2010 and 2009, no such expenditures related to conservation restrictions and easements were incurred.

Donated buildings and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Mass Audubon reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Mass Audubon reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Accounting for Uncertain Tax Positions - U.S generally accepted accounting principles provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. U.S generally accepted accounting principles require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination by a tax authority.

MASSACHUSETTS AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

These determinations have been reviewed according to guidance in U.S generally accepted accounting principles related to accounting for uncertainty in income taxes which was adopted by Mass Audubon on July 1, 2009. As of June 30, 2010, Mass Audubon has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Mass Audubon is no longer subject to examination by Federal or State tax authorities for years prior to fiscal year 2007.

Financial State Presentation - Certain reclassifications have been made to the 2009 financial statements in order to conform to the presentation for 2010.

Subsequent Events - The date to which events occurring after June 30, 2010 have been evaluated for possible adjustment to the financial statements or disclosure is the date of the auditors' report, which is the date the financial statements were available to be issued.

Note 2 - Restrictions on Assets

Temporarily restricted net assets consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>		<u>2009</u>
Accumulated appreciation on permanently restricted net assets	\$ 32,965,183	\$	29,744,055
Funds for future operations of specific Mass Audubon programs	<u>16,791,084</u>		<u>14,698,614</u>
	<u>\$ 49,756,267</u>	\$	<u>44,442,669</u>

Permanently restricted net assets consist of property required to be held for conservation purposes and the original gift value of investments to be held indefinitely as endowment, the income from which is available to support certain operations of Mass Audubon.

Note 3 - Pledges Receivable

Pledges receivable scheduled to be received over future periods consist of the following amounts as of June 30, 2010 and 2009:

	<u>2010</u>		<u>2009</u>
Within one year	\$ 2,340,006	\$	2,125,788
One to two years	1,087,893		1,392,302
Two to three years	542,016		805,569
Three to four year	160,000		360,865
Four to five years	105,000		30,000
Thereafter	<u>23,018</u>		<u>20,018</u>
	4,257,933		4,734,542
Less: discounts to net present value	(512,956)		(603,007)
Less: allowance for uncollectible pledges	<u>(187,249)</u>		<u>(206,577)</u>
	<u>\$ 3,557,728</u>	\$	<u>3,924,958</u>

MASSACHUSETTS AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Note 3 - Pledges Receivable (Continued)

Pledges receivable are primarily from foundations, corporations and individuals located throughout Massachusetts. A discount rate of 5% was used to calculate the net present value of pledges receivable at June 30, 2010 and 2009.

Note 4 - Inventory

Inventory as of June 30, 2010 and 2009 consists of the following:

	<u>2010</u>	<u>2009</u>
Retail merchandise at Lincoln shop	\$ 139,361	\$ 110,383
Publications	57,217	64,768
Other retail merchandise	37,122	36,959
Mailroom supplies and prepaid postage	30,307	41,009
Field dress	20,143	21,233
Information technology equipment	8,133	19,728
	<u>\$ 292,283</u>	<u>\$ 294,080</u>

Note 5 - Property and Equipment, Net

Property and equipment, at cost less accumulated depreciation as of June 30, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Land	\$ 53,436,749	\$ 53,082,939
Buildings and improvements	25,751,490	22,315,152
Capital assets in progress	20,275,143	20,552,175
Office furniture and computer equipment	2,234,720	2,146,736
Maintenance and program equipment	691,023	573,094
Motor vehicles	1,639,709	1,454,500
	<u>104,028,834</u>	<u>100,124,596</u>
Less accumulated depreciation	<u>(13,719,202)</u>	<u>(11,986,461)</u>
	<u>\$ 90,309,632</u>	<u>\$ 88,138,135</u>

MASSACHUSETTS AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Note 6 - Investments

Investments as of June 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
U.S. corporate stocks and mutual funds	\$ 37,714,309	\$ 41,441,983
U.S. corporate and government bonds	8,333,390	10,261,304
International mutual funds	29,098,885	16,635,754
Limited partnerships	19,700,822	20,656,117
Money market funds	2,875,486	2,931,949
Life income funds	1,074,523	1,013,326
Gift annuities	2,576,551	2,413,808
Charitable remainder trusts	4,224,567	3,940,344
	<u>\$ 105,598,533</u>	<u>\$ 99,294,585</u>

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 agreements, usually upon death of the donor or designated individual. 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. Charitable remainder unitrusts 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 market value of the trust. Payments on gift annuity and unitrust agreements terminate at a time specified in the agreements. The aforementioned planned giving instruments 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.

Included in U.S. corporate stocks and mutual funds is an investment in a privately held company acquired by bequest. Because no market price is available, this investment is carried at the donor's estate tax value as annually adjusted based on the equity of the company. The value at June 30, 2010 and 2009 was \$1,040,156 and \$993,931 respectively.

During the year ended June 30, 2009, Mass Audubon implemented the requirements of U.S generally accepted accounting principles for its financial assets and liabilities. The adoption of U.S generally accepted accounting principles did not have a material impact on Mass Audubon's financial position or results of operations. U.S generally accepted accounting principles refines the definition of fair value, expands disclosure requirements about fair value measurements, and establishes specific requirements as well as guidelines for a consistent framework to measure fair value. U.S generally accepted accounting principles defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. Further, U.S generally accepted accounting principles requires Mass Audubon to maximize the use of observable market inputs, minimize the use of unobservable market inputs, and disclose in the form of an outlined hierarchy the details of such fair value measurements. U.S generally accepted accounting principles specifies a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Mass Audubon's market assumptions.

MASSACHUSETTS AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Note 6 - Investments (Continued)

This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than those included in Level 1. For example, quoted prices for similar assets in active markets or quoted prices for identical assets in inactive markets.

Level 3 - Unobservable inputs reflecting management's own assumptions about the inputs used in estimating the value of the asset.

The following table summarizes Mass Audubon's financial assets measured at fair value on a recurring basis in accordance with U.S generally accepted accounting principles as of June 30, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Public equities:			
Large cap	\$ 13,175,889	\$ -	\$ -
Large/Mid cap	9,911,231	-	-
Mid cap	13,587,033	-	-
International	23,607,468	-	-
Private equities:			
Common stock - privately held company	-	-	1,040,156
Bond investments:			
Income	13,824,807	-	-
Short-term investments:			
Money market funds	2,875,486	-	-
Alternative investments:			
Limited partnerships	-	-	19,700,822
Other investments			
Planned giving assets	<u>7,875,641</u>	<u>-</u>	<u>-</u>
Total investments	\$ 84,857,555	\$ -	\$ 20,740,978
Planned giving liabilities	<u>\$ -</u>	<u>\$ 4,199,331</u>	<u>\$ -</u>
Total liabilities	<u>\$ -</u>	<u>\$ 4,199,331</u>	<u>\$ -</u>

MASSACHUSETTS AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Note 6 - Investments (Continued)

The following table summarizes Mass Audubon's financial assets measured at fair value on a recurring basis in accordance with U.S generally accepted accounting principles as of June 30, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Public equities:			
Large cap	\$ 19,505,202	\$ -	\$ -
Large/Mid cap	11,208,606	-	-
Mid cap	9,734,244	-	-
International	16,635,754	-	-
Private equities:			
Common stock - privately held company	-	-	993,931
Bond investments:			
Income	10,261,304	-	-
Short-term investments:			
Money market funds	2,931,949	-	-
Alternative investments:			
Limited partnerships	-	-	20,656,117
Other investments			
Planned giving assets	7,367,478	-	-
Total investments	\$ 77,644,537	\$ -	\$ 21,650,048
Planned giving liabilities	\$ -	\$ 4,797,713	\$ -
Total liabilities	\$ -	\$ 4,797,713	\$ -

Alternative investments include investments valued at fair value based upon market prices and net asset values and other investments which values have been estimated by the general partner in absence of readily ascertainable market values. Those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and differences could be material.

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that Mass Audubon has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

The following is the changes in Level 3 assets measured at fair value for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 21,650,048	\$ 25,388,815
Purchases, sales and settlements, net	(2,427,426)	(2,343,719)
Realized and unrealized gain (losses), net	1,518,356	(1,395,048)
Balance, end of year	\$ <u>20,740,978</u>	\$ <u>21,650,048</u>

MASSACHUSETTS AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Note 7 - Endowment

Mass Audubon's endowment consists of approximately two hundred fifty-eight individual funds established for a variety of purposes. Mass Audubon's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. generally accepted accounting principles, 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 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.

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 Mass Audubon Pooled Endowment Fund ("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 future ability of Mass Audubon to accomplish its mission. The overall risk tolerance parameters and objectives established by the Mass Audubon 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 on the upside of the market.

MASSACHUSETTS AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Note 7 - Endowment (Continued)

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 will be 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.

Spending Policy - Spending from every restricted endowment fund which is not a Board-restricted fund is governed by the Massachusetts' Uniform Prudent Management of Institutional Funds Act. In January of each year, the Mass Audubon Investment Committee reviews information showing the market value for Mass Audubon's Pooled Endowment Fund (less outstanding loans and deferred contributions) at December 31 of the preceding year and for the three preceding calendar quarters and also reviews the amount of spending from the Pooled Endowment 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 Pooled Endowment 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 Pooled Endowment Fund at December 31 and the preceding three quarters by a spending rate determined by the Investment Committee and then by thirty percent. In computing the average of the Pooled Endowment Fund to be used for the spending rate decision, net endowment additions for each of the four 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 details of this policy and monitors its implementation.

The endowment net asset composition by type of fund as of June 30, 2010 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ (1,866,553)	\$ 32,965,183	\$ 55,933,169	\$ 87,031,799
Board designated endowment funds	<u>1,146,824</u>	<u>-</u>	<u>-</u>	<u>1,146,824</u>
	<u>\$ (719,729)</u>	<u>\$ 32,965,183</u>	<u>\$ 55,933,169</u>	<u>\$ 88,178,623</u>

The endowment net asset composition by type of fund as of June 30, 2009 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ (2,853,622)	\$ 29,744,055	\$ 55,141,619	\$ 82,032,052
Board designated endowment funds	<u>1,945,270</u>	<u>-</u>	<u>-</u>	<u>1,945,270</u>
	<u>\$ (908,352)</u>	<u>\$ 29,744,055</u>	<u>\$ 55,141,619</u>	<u>\$ 83,977,322</u>

MASSACHUSETTS AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Note 7 - Endowment (Continued)

The changes in endowment net assets for the year ended June 30, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, July 1, 2008	\$ 2,545,000	\$ 52,841,844	\$ 54,322,038	\$ 109,708,882
Investment loss, net	(2,292,073)	(21,374,473)	(271,161)	(23,937,707)
Contributions	510,104	-	1,003,690	1,513,794
Appropriations of cumulative gains/losses	<u>(1,671,383)</u>	<u>(1,723,316)</u>	<u>87,052</u>	<u>(3,307,647)</u>
Endowment Net Assets, June 30, 2009	(908,352)	29,744,055	55,141,619	83,977,322
Investment gain, net	987,069	6,012,580	46,225	7,045,874
Contributions	-	-	566,910	566,910
Appropriations of cumulative gains/losses	<u>(798,446)</u>	<u>(2,791,452)</u>	<u>178,415</u>	<u>(3,411,483)</u>
Endowment Net Assets, June 30, 2010	<u>\$ (719,729)</u>	<u>\$ 32,965,183</u>	<u>\$ 55,933,169</u>	<u>\$ 88,178,623</u>

Note 8 - Defined Contribution Retirement Plan

Mass Audubon has in place a 403(b) retirement plan in which eligible employees can elect to defer a percentage of their compensation. Mass Audubon also contributes 4% of an employee's salary if the employee meets certain requirements. In addition, Mass Audubon will match a portion of the employee's deferral up to 4% of compensation. The employee's elective deferral and Mass Audubon's matching contribution are subject to Internal Revenue Service limitations. For the years ended June 30, 2010 and 2009, Mass Audubon's contributions to the plan amounted to approximately \$626,000 and \$637,000, respectively.

Note 9 - Defined Benefit Pension Plan

Mass Audubon had a non-contributory defined benefit pension plan covering substantially all of its employees. Mass Audubon amended the pension plan, effective August 31, 2004 to cease further benefit accruals ("benefit freeze") for all active participants; there were also no new participants after that date. In May of 2009, Mass Audubon received a determination letter from the Internal Revenue Service that accepted all amendments related to the termination of the plan. Mass Audubon completed the distribution of all plan assets prior to June 30, 2009, resulting in a gain on termination of the defined benefit plan of \$685,864 based upon a reversion of funds back to Mass Audubon in the amount of \$1,328,519 in June of 2009.

MASSACHUSETTS AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Note 9 - Defined Benefit Pension Plan (Continued)

The following table sets forth the plan's funded status and amounts recognized in Mass Audubon's financial statements as of and for the year ended June 30, 2009 (information not applicable for year ended June 30, 2010):

	<u>2009</u>
Projected benefit obligation at June 30	\$ -
Fair value of plan assets at June 30	-
Funded status of the plan	-
Prepaid benefit cost	\$ -
Amounts recognized in the statement of financial position consist of:	
Accrued benefit liability	-
Accumulated other comprehensive loss (AOCL)	-
Net amount recognized	\$ -
Weighted average assumptions used to determine benefit obligations as of:	
Measurement date	N/A
Discount rate	N/A
Weighted average assumptions used to determine net periodic pension cost for year ended June 30:	
Measurement date	June 30, 2009
Discount rate	N/A
Expected long-term rate of return on plan assets	N/A

A reconciliation of the projected benefit obligation and fair value of plan assets for the year ended June 30, 2009, is as follows:

	<u>2009</u>
Projected benefit obligation as of the beginning of the year	\$ 12,246,955
Interest cost	396,961
Benefits paid	(222,688)
Actuarial gain	(21,420)
Settlement loss	(955,933)
Settlement payments	(11,443,875)
Projected benefit obligation as of the end of the year	\$ -

MASSACHUSETTS AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Note 9 - Pension Plan (continued)

	<u>2009</u>
Fair value of plan assets as of July 1, 2008	\$ 12,028,204
Actual return on plan assets	966,878
Employer contributions	-
Benefits paid	(222,688)
Settlement payments	(11,443,875)
Reversion	<u>(1,328,519)</u>
Fair value of plan assets as of June 30, 2009	<u>\$ -</u>
Components of Net Periodic Pension Cost	
Interest cost	\$ 396,961
Expected return on plan assets	(367,165)
Amortization of net loss	-
Settlement gain	<u>(715,661)</u>
Net Periodic Pension Cost	<u>\$ (685,865)</u>

Plan Assets:

<u>Asset Category</u>	<u>2009</u>
Equity securities	N/A
Debt securities	N/A
Other	<u>N/A</u>
Total	<u>N/A</u>

Cash Flows:

Employer contributions for the year ended June 30, 2009	\$ -
Benefit payments for the year ended June 30, 2009	\$ 222,688

Note 10 - Long-Term Debt

A summary of long-term debt at June 30, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Non-interest bearing note payable due on July 1, 2024	\$ <u>180,055</u>	\$ <u>180,055</u>
	180,055	180,055
Less current portion	<u>-</u>	<u>-</u>
Total long-term debt	<u>\$ 180,055</u>	<u>\$ 180,055</u>

MASSACHUSETTS AUDUBON SOCIETY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Note 11 - Contributed Services

The value of donated services and the corresponding expenses included in the accompanying financial statements for the years ended June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Volunteer hours at sanctuaries	\$ <u>317,948</u>	\$ <u>215,119</u>
Total contributed services	\$ <u><u>317,948</u></u>	\$ <u><u>215,119</u></u>

In addition, each year approximately eight thousand volunteers donate a total of approximately 130,000 hours of time to Mass Audubon's environmental education, advocacy, research and sanctuary program services. No amounts have been reflected in the financial statements for these volunteer services since the contributed services did not meet the criteria for recognition under U.S. generally accepted accounting principles. (Reference is made to Note 1 - Contributed Services.)

Note 12 - Commitments

Employment and Consulting Agreements - On January 1, 2001, Massachusetts Audubon entered into a consulting agreement with its former president. 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.

Note 13 - Statement of Cash Flows Supplemental Notes

Cash paid for interest during the years ended June 30, 2010 and 2009 amounted to \$830 and \$1,197, respectively.

INDEPENDENT AUDITORS' REPORT ON ACCOMPANYING INFORMATION

Board of Directors and
The Auditing Committee
Massachusetts Audubon Society, Inc.
Lincoln, Massachusetts

Our report on our audit of the basic financial statements of Massachusetts Audubon Society, Inc. as of June 30, 2010 and 2009 for the years then ended appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information contained on pages 20 and 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Tonneson + Co
Tonneson + Co

Wakefield, Massachusetts
November 1, 2010

MASSACHUSETTS AUDUBON SOCIETY, INC.

SCHEDULE OF FUNCTIONAL REVENUE
(UNRESTRICTED OPERATING FUND ONLY)

YEAR ENDED JUNE 30, 2010

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2009)

	Program Services				Total Program Services	Support Services			Total Revenues	
	Sanctuary & Environmental Education	Science & Conservation	Advocacy	Member Services		Administration and General	Development	Total Support Services	2010	2009
Admissions	\$ 309,165	\$ -	\$ -	\$ -	\$ 309,165	\$ -	\$ -	\$ -	\$ 309,165	\$ 297,950
Bird seed sales	10,333	-	-	-	10,333	-	-	-	10,333	7,811
Day and residential camp	2,633,433	-	-	-	2,633,433	-	-	-	2,633,433	2,489,762
Facility and camp rental	360,750	2,420	18,280	-	381,450	100	-	100	381,550	415,685
Gain on sale	619	-	-	-	619	-	-	-	619	6,338
Gifts and grants	1,734,257	264,885	108,343	1,700	2,109,185	1,149,536	7,796	1,157,332	3,266,517	3,253,605
Government contracts	731,519	260,555	42,395	-	1,034,469	49,200	-	49,200	1,083,669	1,061,102
Investment income	3,482,783	361,206	131,567	-	3,975,556	1,185,032	-	1,185,032	5,160,588	5,278,286
Legacies/bequests (unrestricted)	-	-	-	-	-	581,866	-	581,866	581,866	1,649,119
Membership dues	165,720	40	-	9,280	175,040	2,987,013	20	2,987,033	3,162,073	3,127,745
Merchandise sales (margin)	321,786	(50)	-	234,832	556,568	-	15	15	556,583	371,266
Natural history tours (margin)	-	-	-	62,759	62,759	-	-	-	62,759	58,745
Non-school program revenues	1,304,436	293,907	12,097	4,660	1,615,100	150	-	150	1,615,250	1,655,977
Royalties and honoraria	9,077	7,402	725	12,190	29,394	-	-	-	29,394	45,010
School program revenues	668,486	-	4,950	-	673,436	-	-	-	673,436	717,882
Special events	227,106	-	-	-	227,106	4,480	-	4,480	231,586	236,577
Watercraft rental	5,625	-	-	-	5,625	-	-	-	5,625	5,897
Contributed services	312,618	4,140	-	1,190	317,948	-	-	-	317,948	215,119
Transfers	(70,579)	112,174	(11,934)	(97,700)	(68,039)	(213,054)	-	(213,054)	(281,093)	72,802
Total revenues	\$ 12,207,134	\$ 1,306,679	\$ 306,423	\$ 228,911	\$ 14,049,147	\$ 5,744,323	\$ 7,831	\$ 5,752,154	\$ 19,801,301	\$ 20,966,678

MASSACHUSETTS AUDUBON SOCIETY, INC.

**SCHEDULE OF FUNCTIONAL EXPENSES
(UNRESTRICTED OPERATING FUND ONLY)**

YEAR ENDED JUNE 30, 2010

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2009)

	Program Services					Support Services			Total Expenses	
	Sanctuary & Environmental Education	Science & Conservation	Advocacy	Member Services	Total Program Services	Administration and General	Development	Total Support Services	2010	2009
Salary and wages	\$ 7,931,401	\$ 707,295	\$ 386,561	\$ 703,108	\$ 9,728,365	\$ 1,377,017	\$ 777,129	\$ 2,154,146	\$ 11,882,511	\$ 11,787,326
Fringe benefits	1,777,518	175,854	105,160	181,898	2,240,430	343,147	211,360	554,507	2,794,937	2,761,170
Change in accrued vacation	(240)	(6,110)	(2,780)	10,639	1,509	4,673	(5,973)	(1,300)	209	50,471
Total salaries and benefits	9,708,679	877,039	488,941	895,645	11,970,304	1,724,837	982,516	2,707,353	14,677,657	14,598,967
Advertising and promotion	27,882	55	-	5,507	33,444	200	150	350	33,794	40,074
Animal and bird feed	25,503	-	-	-	25,503	-	-	-	25,503	21,092
Automobile	129,270	1,381	1,375	-	132,026	7,531	-	7,531	139,557	153,104
Awards and scholarships	18,900	1,059	23	187	20,169	12,168	205	12,373	32,542	22,380
Bank charges	1,424	-	-	170	1,594	9,131	4,772	13,903	15,497	30,282
Building and grounds maintenance	474,622	144	9,170	3,880	487,816	17,569	130	17,699	505,515	467,970
Data processing	68,291	6,415	5,438	5,360	85,504	21,417	3,465	24,882	110,386	109,512
Depreciation	311,316	33,091	8,491	9,597	362,495	60,241	94,201	154,442	516,937	514,216
Electricity	140,241	338	3,284	575	144,438	15,287	-	15,287	159,725	193,007
Field dress	15,672	54	222	131	16,079	228	74	302	16,381	19,087
Food	152,538	1,717	1,167	1,725	157,147	21,227	17,021	38,248	195,395	205,544
General insurance	226,093	8,949	5,450	10,579	251,071	27,651	8,000	35,651	286,722	342,705
Heat	132,022	79	4,577	1,028	137,706	3,798	-	3,798	141,504	187,118
Interest	574	-	60	186	820	10	-	10	830	1,198
Meetings, conference and training	20,287	1,913	450	965	23,615	8,844	2,487	11,331	34,946	39,925
Membership premiums	811	90	-	56,281	57,182	-	-	-	57,182	46,780
Office supplies	46,696	2,902	2,530	10,737	62,865	24,332	6,467	30,799	93,664	104,465
Permits, licenses and taxes	27,895	95	6,366	-	34,356	(240)	15	(225)	34,131	34,690
Photographic supplies	325	234	-	863	1,422	113	-	113	1,535	2,126
Postage and freight	60,768	500	782	299,931	361,981	16,374	28,186	44,560	406,541	391,994
Printing and copies	137,925	1,537	1,832	315,238	456,532	(21,449)	40,880	19,431	475,963	521,842
Professional and consultant fees	237,696	27,956	385	190,495	456,532	106,189	14,696	120,885	577,417	792,714
Program supplies and materials	166,961	13,019	4,043	3,445	187,468	1,798	7,958	9,756	197,224	198,658
Rent	56,683	7,273	21,657	32,635	118,248	4,900	3,095	7,995	126,243	102,325
Rental of vehicles and watercraft	120,719	11,025	-	-	131,744	-	2,188	2,188	133,932	134,308
Service contracts	138,763	1,099	4,146	13,159	157,167	62,626	11,918	74,544	231,711	234,763
Subscription and library	17,229	628	8,120	4,835	30,812	4,174	2,277	6,451	37,263	36,213
Telephone	82,936	6,847	14,206	1,154	105,143	24,940	168	25,108	130,251	144,940
Travel	95,683	23,969	12,617	1,229	133,498	14,036	5,338	19,374	152,872	150,728
Water	31,341	38	670	751	32,800	1,102	-	1,102	33,902	26,768
Contributed services	312,618	4,140	-	1,190	317,948	-	-	-	317,948	215,119
Transfers	(118,620)	(8,031)	(2,789)	(5,433)	(134,873)	(9,147)	(280,980)	(290,127)	(425,000)	(457,258)
	<u>12,869,743</u>	<u>1,025,555</u>	<u>603,213</u>	<u>1,862,045</u>	<u>16,360,556</u>	<u>2,159,887</u>	<u>955,227</u>	<u>3,115,114</u>	<u>19,475,670</u>	<u>19,627,356</u>
Allocation of administration and general expense/(deduction)	2,260,796	178,069	109,079	327,855	2,875,799	(2,883,260)	-	(2,883,260)	(7,461)	(10,879)
Total expenses	\$ 15,130,539	\$ 1,203,624	\$ 712,292	\$ 2,189,900	\$ 19,236,355	\$ (723,373)	\$ 955,227	\$ 231,854	\$ 19,468,209	\$ 19,616,477

See Independent Auditors' Report on Accompanying Information.