

Consolidated Financial Statements and  
Supplemental Schedules Together with  
Report of Independent Certified Public  
Accountants

**Natural Resources Defense Council, Inc.**

June 30, 2023 and 2022

**Contents**

	Page
Report of Independent Certified Public Accountants	3
Consolidated Financial Statements	
Consolidated balance sheets	6
Consolidated statements of activities	7
Consolidated statements of functional expenses	9
Consolidated statements of cash flows	11
Notes to consolidated financial statements	12
Supplemental Schedules	
Unconsolidated schedule of activities	43
Consolidating schedule of activities	44

---

**GRANT THORNTON LLP**  
757 Third Ave., 9th Floor  
New York, NY 10017-2013

**D** +1 212 599 0100  
**F** +1 212 370 4520

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of  
National Resources Defense Council, Inc.

### Report on the financial statements

#### Opinion

We have audited the consolidated financial statements of Natural Resources Defense Council, Inc., including NRDC Action Fund, Inc., NRDC Action Votes, and NRDC India Private Limited (collectively, "NRDC"), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of NRDC as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS).

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NRDC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of management for the financial statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NRDC's ability to continue as a going concern for one year after the date the financial statements are issued.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NRDC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NRDC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as of and for the years ended June 30, 2023 and 2022 as a whole. The Unconsolidated Schedule of Activities (excluding NRDC Action Fund, Inc., NRDC Action Votes, and NRDC India Private Limited) and Consolidating Schedule of Activities for the year ended June 30, 2023, respectively, are presented for the purpose of additional analysis and are not a required part of the 2023 consolidated financial statement audit. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2023 consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2023 consolidated

financial statements or to the 2023 consolidated financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the 2023 consolidated financial statements as a whole.

*Grant Thornton LLP*

New York, New York  
January 17, 2024

**Natural Resources Defense Council, Inc.**

**CONSOLIDATED BALANCE SHEETS**

**As of June 30,**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 27,636,549	\$ 52,322,140
Contributions and grants receivable, net	17,478,728	20,164,121
Prepaid expenses and other assets	3,617,894	3,819,652
Pending investment redemptions, net	8,146,809	-
Investments	443,061,021	438,785,410
Investments pertaining to deferred compensation plan	2,189,544	2,124,831
Investments in split-interest agreements	20,870,136	21,067,205
Operating right-of-use assets	35,976,003	42,198,228
Fixed assets, net	34,947,838	35,897,859
	<b>\$ 593,924,522</b>	<b>\$ 616,379,446</b>
Total assets	<b>\$ 593,924,522</b>	<b>\$ 616,379,446</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 33,928,572	\$ 37,272,711
Revolving credit facility	-	2,500,000
Operating lease liabilities	45,243,871	49,963,380
Term loan	17,769,483	18,310,937
Obligations under deferred compensation plan	2,189,544	2,124,831
Defined benefit plan obligation	1,942,849	1,596,187
Split-interest agreements:		
Charitable gift annuities and charitable remainder unitrusts - payable to annuitants	14,329,814	14,928,041
Pooled life income funds - deferred revenue	466,889	448,499
	<b>115,871,022</b>	<b>127,144,586</b>
Total liabilities	<b>115,871,022</b>	<b>127,144,586</b>
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Without donor restrictions	333,890,432	315,605,937
With donor restrictions	144,163,068	173,628,923
	<b>478,053,500</b>	<b>489,234,860</b>
Total net assets	<b>478,053,500</b>	<b>489,234,860</b>
Total liabilities and net assets	<b>\$ 593,924,522</b>	<b>\$ 616,379,446</b>

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

Natural Resources Defense Council, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and support</b>			
Memberships and individual contributions	\$ 78,850,114	\$ 44,648,134	\$ 123,498,248
Foundation grants	360,100	50,390,444	50,750,544
Bequests	22,640,087	300,547	22,940,634
In-kind contributions	3,064,252	139,393	3,203,645
Awarded attorneys fees	5,254,792	193,000	5,447,792
Allocation of endowment spending	888,657	1,328,209	2,216,866
Other revenue	743,406	12,785	756,191
Net assets released from restrictions	129,985,499	(129,985,499)	-
	<u>241,786,907</u>	<u>(32,972,987)</u>	<u>208,813,920</u>
<b>Expenses</b>			
Program services:			
Clean energy future	65,620,695	-	65,620,695
International	33,393,685	-	33,393,685
Wildlife and wildlands	37,695,857	-	37,695,857
Sustainable communities	53,479,130	-	53,479,130
Membership services	3,583,990	-	3,583,990
	<u>193,773,357</u>	<u>-</u>	<u>193,773,357</u>
Supporting services:			
Management and general	24,244,961	-	24,244,961
Fundraising	23,477,147	-	23,477,147
Member recruitment	3,415,927	-	3,415,927
	<u>51,138,035</u>	<u>-</u>	<u>51,138,035</u>
Total expenses	<u>244,911,392</u>	<u>-</u>	<u>244,911,392</u>
Changes in net assets from operating activities, before transfers	<u>(3,124,485)</u>	<u>(32,972,987)</u>	<u>(36,097,472)</u>
Net transfer into Board-designated endowment	(31,659,784)	(800,000)	(32,459,784)
Transfer from Board-designated endowment for capital-related expenditures	549,349	-	549,349
Transfers from other reserve funds	934,150	-	934,150
Changes in net assets from operating activities, after transfers	<u>(33,300,770)</u>	<u>(33,772,987)</u>	<u>(67,073,757)</u>
<b>Non-operating activities</b>			
Investment gains, net of amounts appropriated for operations	22,885,780	3,513,539	26,399,319
Net transfer from operations and reserves into Board-designated endowment	31,659,784	800,000	32,459,784
Pension-related activity	(1,104,173)	-	(1,104,173)
Transfer to operations from Board-designated endowment for capital-related expenditures	(549,349)	-	(549,349)
Write-off of NYC office renovation costs	(1,711,858)	-	(1,711,858)
Change in value of split-interest agreements	405,081	(6,407)	398,674
	<u>51,585,265</u>	<u>4,307,132</u>	<u>55,892,397</u>
Changes in net assets	18,284,495	(29,465,855)	(11,181,360)
<b>Net assets, beginning of year</b>	<u>315,605,937</u>	<u>173,628,923</u>	<u>489,234,860</u>
<b>Net assets, end of year</b>	<u>\$ 333,890,432</u>	<u>\$ 144,163,068</u>	<u>\$ 478,053,500</u>

The accompanying notes are an integral part of this consolidated financial statement.

Natural Resources Defense Council, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and support</b>			
Memberships and individual contributions	\$ 92,004,837	\$ 28,086,639	\$ 120,091,476
Foundation grants	1,141,437	58,254,850	59,396,287
Bequests	13,051,743	-	13,051,743
In-kind contributions	2,501,973	435,383	2,937,356
Awarded attorneys fees	756,825	2,501,333	3,258,158
Allocation of endowment spending	1,552,782	1,350,356	2,903,138
Other revenue	311,933	-	311,933
Net assets released from restrictions	121,946,431	(121,946,431)	-
	<u>233,267,961</u>	<u>(31,317,870)</u>	<u>201,950,091</u>
<b>Expenses</b>			
Program services:			
Clean energy future	67,449,809	-	67,449,809
International	23,872,584	-	23,872,584
Wildlife and wildlands	33,707,562	-	33,707,562
Sustainable communities	58,577,992	-	58,577,992
Membership services	3,007,521	-	3,007,521
	<u>186,615,468</u>	<u>-</u>	<u>186,615,468</u>
Supporting services:			
Management and general	19,523,654	-	19,523,654
Fundraising	20,867,693	-	20,867,693
Member recruitment	3,337,282	-	3,337,282
	<u>43,728,629</u>	<u>-</u>	<u>43,728,629</u>
	<u>230,344,097</u>	<u>-</u>	<u>230,344,097</u>
Changes in net assets from operating activities, before transfers	<u>2,923,864</u>	<u>(31,317,870)</u>	<u>(28,394,006)</u>
Transfer to Board-designated endowment	(12,738,626)	-	(12,738,626)
Transfer from Board-designated endowment for capital-related expenditures	1,200,000	-	1,200,000
Transfers from other reserve funds	5,703,804	-	5,703,804
	<u>(2,910,958)</u>	<u>(31,317,870)</u>	<u>(34,228,828)</u>
<b>Non-operating activities</b>			
Investment losses, net of amounts appropriated for operations	(39,975,001)	(7,030,998)	(47,005,999)
Change in value of interest-rate swap agreement	479,358	-	479,358
Transfer to Board-designated endowment from operations	12,738,626	-	12,738,626
Pension-related activity	107,579	-	107,579
Transfer to operations from Board-designated endowment for capital-related expenditures	(1,200,000)	-	(1,200,000)
Change in value of split-interest agreements	(2,623,934)	(641,955)	(3,265,889)
	<u>(30,473,372)</u>	<u>(7,672,953)</u>	<u>(38,146,325)</u>
Changes in net assets	(33,384,330)	(38,990,823)	(72,375,153)
<b>Net assets, beginning of year</b>	<u>348,990,267</u>	<u>212,619,746</u>	<u>561,610,013</u>
<b>Net assets, end of year</b>	<u>\$ 315,605,937</u>	<u>\$ 173,628,923</u>	<u>\$ 489,234,860</u>

The accompanying notes are an integral part of this consolidated financial statement.



Natural Resources Defense Council, Inc.  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2023

	2023										Total
	Program Services					Supporting Services					
	Clean Energy Future	International	Wildlife and Wildlands	Sustainable Communities	Membership Services	Total Program Services	Management and General	Fundraising	Member Recruitment	Total Supporting Services	
Salaries and benefits	\$ 31,740,491	\$ 13,602,529	\$ 19,863,003	\$ 29,601,421	\$ 1,340,216	\$ 96,147,660	\$ 17,956,826	\$ 14,671,679	\$ -	\$ 32,628,505	\$ 128,776,165
Professional consulting and counsel	12,002,453	8,742,537	6,698,349	10,070,661	54,325	37,568,325	1,323,794	1,709,847	82,240	3,115,881	40,684,206
Grants	8,539,399	6,815,991	1,580,785	3,186,895	-	20,123,070	371,246	3,610	-	374,856	20,497,926
Other	2,555,122	1,089,657	1,415,103	2,384,405	88,871	7,533,158	1,912,077	1,927,492	183,803	4,023,372	11,556,530
Public affairs and advertising	4,712,062	390,210	795,470	2,919,425	3,894	8,821,061	60,358	2,244,889	4,320	2,309,567	11,130,628
Rent and utilities	2,057,773	888,957	1,317,064	1,929,301	89,352	6,282,447	1,158,040	925,249	-	2,083,289	8,365,736
Printing and copying	541,794	155,432	2,276,976	293,731	1,177,144	4,445,077	1,651	777,670	1,659,968	2,439,289	6,884,366
Web and software maintenance	1,063,346	430,448	610,748	963,611	34,316	3,102,469	448,456	446,700	-	895,156	3,997,625
Special mailings and postage	396,865	40,378	1,131,173	90,446	450,735	2,109,597	2,974	2,110	1,174,371	1,179,455	3,289,052
Travel	711,351	516,359	666,316	821,680	884	2,716,590	262,404	269,139	-	531,543	3,248,133
Depreciation and amortization	612,607	265,758	393,737	576,766	27,321	1,876,189	346,197	278,091	-	624,288	2,500,477
Recruiting fees	453,809	216,188	291,674	427,258	18,435	1,407,364	351,203	191,928	-	543,131	1,950,495
Membership lists and maintenance	107,299	43,788	589,877	95,404	296,579	1,132,947	-	126	311,225	311,351	1,444,298
Conferences and meetings	126,324	195,453	65,582	118,126	1,918	507,403	49,735	28,617	-	78,352	585,755
<b>Total operating expenses</b>	<b>\$ 65,620,695</b>	<b>\$ 33,393,685</b>	<b>\$ 37,695,857</b>	<b>\$ 53,479,130</b>	<b>\$ 3,583,990</b>	<b>\$ 193,773,357</b>	<b>\$ 24,244,961</b>	<b>\$ 23,477,147</b>	<b>\$ 3,415,927</b>	<b>\$ 51,138,035</b>	<b>244,911,392</b>
Write-off of NYC office renovation costs											1,711,858
<b>Total expenses</b>											<b>\$ 246,623,250</b>

The accompanying notes are an integral part of this consolidated financial statement.

Natural Resources Defense Council, Inc.  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2022

	2022										Total
	Program Services					Supporting Services					
	Clean Energy Future	International	Wildlife and Wildlands	Sustainable Communities	Membership Services	Total Program Services	Management and General	Fundraising	Member Recruitment	Total Supporting Services	
Salaries and benefits	\$ 27,233,688	\$ 11,136,794	\$ 17,259,589	\$ 31,073,621	\$ 945,381	\$ 87,649,073	\$ 14,947,796	\$ 13,631,219	\$ 206,387	\$ 28,785,402	\$ 116,434,475
Professional consulting and counsel	10,581,111	5,746,010	5,536,845	9,519,941	38,510	31,422,417	1,090,493	1,535,739	66,797	2,693,029	34,115,446
Grants	17,500,533	3,613,143	2,056,837	4,972,898	-	28,143,411	-	-	-	-	28,143,411
Public affairs and advertising	4,660,835	394,974	1,468,929	5,543,539	123	12,068,400	5,465	1,714,760	3,567	1,723,792	13,792,192
Other	2,220,914	810,956	1,098,953	2,076,630	65,884	6,273,337	1,400,687	1,482,760	150,937	3,034,384	9,307,721
Rent and utilities	1,999,490	837,633	1,289,327	2,262,645	71,105	6,460,200	1,090,157	985,885	15,523	2,091,565	8,551,765
Printing and copying	498,449	126,719	1,952,245	318,466	990,722	3,886,601	679	660,574	1,478,196	2,139,449	6,026,050
Web and software maintenance	1,116,214	405,515	644,156	1,276,922	24,424	3,467,231	419,515	358,566	5,332	783,413	4,250,644
Special mailings and postage	372,788	47,818	1,249,798	130,854	619,300	2,420,558	4,151	2,121	1,230,457	1,236,729	3,657,287
Depreciation and amortization	568,758	239,176	368,144	646,071	20,898	1,843,047	311,267	281,508	4,432	597,207	2,440,254
Recruiting fees	270,644	171,429	190,011	307,434	9,624	949,142	147,847	138,198	2,101	288,146	1,237,288
Travel	255,667	233,655	213,722	302,229	422	1,005,695	84,035	70,763	92	154,890	1,160,585
Membership lists and maintenance	108,298	28,916	327,721	80,012	215,417	760,364	-	-	173,415	173,415	933,779
Conferences and meetings	62,420	79,846	51,285	66,730	5,711	265,992	21,562	5,600	46	27,208	293,200
<b>Total operating expenses</b>	<b>\$ 67,449,809</b>	<b>\$ 23,872,584</b>	<b>\$ 33,707,562</b>	<b>\$ 58,577,992</b>	<b>\$ 3,007,521</b>	<b>\$ 186,615,468</b>	<b>\$ 19,523,654</b>	<b>\$ 20,867,693</b>	<b>\$ 3,337,282</b>	<b>\$ 43,728,629</b>	<b>\$ 230,344,097</b>

The accompanying notes are an integral part of this consolidated financial statement.

Natural Resources Defense Council, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30,

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ (11,181,360)	\$ (72,375,153)
Adjustments to reconcile changes in net asset to net cash used in provided by operating activities:		
Depreciation and amortization	2,500,477	2,440,254
Amortization of debt/bond issuance costs	36,703	1,676
Write-off of NYC office renovation costs	1,711,858	-
Write-off of debt issuance costs	-	325,126
Change in value of interest-rate swap agreement	-	(479,358)
Contributions to permanent endowment	(800,000)	-
Change in provision for uncollectible contributions receivable	(255,646)	13,380
Change in discount allowance for contributions receivable	844,080	(134,097)
Net realized and unrealized (appreciation) depreciation in fair value of investments	(30,076,286)	37,349,578
Change in operating assets and liabilities:		
Contributions and grants receivable	2,096,959	1,435,798
Prepaid expenses and other assets	201,758	980,317
Pending investment redemptions, net	(8,146,809)	-
Investments pertaining to deferred compensation plan	(64,713)	1,130,300
Investments in and obligations under split-interest agreements	1,054,029	5,955,162
Accounts payable and accrued expenses	(3,344,140)	(1,084,362)
Right-of-use assets	6,222,225	3,057,835
Lease liabilities	(4,719,509)	(2,876,633)
Obligations under deferred compensation plan	64,713	(1,130,300)
Defined benefit plan obligation	346,662	(2,607,579)
	<u>(43,508,999)</u>	<u>(27,998,056)</u>
<b>Net cash used in operating activities</b>		
<b>Cash flows from investing activities</b>		
Purchases of investments	(332,619,946)	(308,597,991)
Proceeds from sales of investments	358,420,622	365,100,057
Capital expenditures	<u>(3,262,314)</u>	<u>(2,123,081)</u>
	<u>22,538,362</u>	<u>54,378,985</u>
<b>Net cash provided by investing activities</b>		
<b>Cash flows from financing activities</b>		
Contributions to permanent endowment	800,000	-
Repayment on revolving credit loan	-	(7,213,262)
Termination of interest-rate swap agreement	-	(1,637,200)
Principal payment on bonds payable	-	(8,744,873)
Borrowings under term loan	(549,349)	18,500,000
Debt issuance costs	(28,808)	(98,874)
Principal payments on term loan	-	(90,189)
(Repayments) borrowings under revolving credit facility	(2,500,000)	2,500,000
Payments to beneficiaries under split-interest agreements	<u>(1,436,797)</u>	<u>(1,427,987)</u>
	<u>(3,714,954)</u>	<u>1,787,615</u>
<b>Net cash (used in) provided by financing activities</b>		
<b>Net (decrease) increase in cash and cash equivalents</b>	(24,685,591)	28,168,544
<b>Cash and cash equivalents, beginning of year</b>	<u>52,322,140</u>	<u>24,153,596</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 27,636,549</u>	<u>\$ 52,322,140</u>
<b>Supplemental information</b>		
Cash paid for interest on indebtedness	<u>\$ 533,705</u>	<u>\$ 339,100</u>
Purchases of property and equipment in accounts payable	<u>\$ 24,015</u>	<u>\$ 41,044</u>

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

**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2023 and 2022**

**NOTE 1 - NATURE OF OPERATIONS**

Natural Resources Defense Council, Inc., together with its affiliates described below (“NRDC”), is a not-for-profit organization dedicated to ensuring a safe and healthy environment for all people and safeguarding the natural systems on which all life depends. NRDC’s staff of approximately 750 includes lawyers, scientists, and other professional staff working to safeguard the Earth.

Formed in 1970, NRDC tackles the most serious environmental threats facing the globe - including climate change, the biodiversity crisis, and harm to human health from a wide range of pollution - and advances innovative, enforceable solutions that protect both nature and human society. In the process, NRDC’s staff has grown from a small group of lawyers into a leading champion for the environment, wielding a potent combination of courtroom prowess, scientific expertise, policy influence, media outreach, and the grassroots energy of nearly 3.5 million concerned members and online activists.

NRDC has offices in the United States in New York, New York; Washington, D.C.; San Francisco, California; Santa Monica, California; Chicago, Illinois; and Bozeman, Montana, as well as in Beijing, China. NRDC India (as defined below) has an office in New Delhi, India. NRDC is exempt from U.S. federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (“IRC”).

With the support of members, individuals, online activists and major foundations, NRDC has organized its work around three ambitious-yet-achievable environmental goals with the greatest potential to protect both the environment and human health for generations to come: avert dangerous climate change and its impacts, support healthy people and thriving communities, and conserve nature and protect wildlife.

These are daunting goals, but NRDC has the vision and expertise to put bold solutions in place. It has an unparalleled arsenal of core capacities including a broad set of advocacy tools it applies in the courts, centers of government and communities that create a track record of success in the United States and on the international stage, including China, India, and the Americas. These capacities allow NRDC to develop creative solutions from every angle. Although other groups have experts in one or two areas, NRDC’s effectiveness stems from its ability to tackle environmental challenges on many fronts at once. By taking a comprehensive, yet focused approach, NRDC achieves lasting results.

NRDC Action Fund, Inc. (“Action Fund”) commenced operations during fiscal 1997. The Action Fund is a U.S. IRC Section 501(c)(4) organization that is an affiliate of NRDC.

The Action Fund works to build the political support needed in the United States to protect the planet and its people. The Action Fund mobilizes grassroots supporters and lobbies elected officials to fight for clean air, safe water, pristine public lands, and a clean energy future. The Action Fund supports candidates who stand up for environmental protection and hold accountable those who side with polluters rather than the public good.

This critical work is ongoing for a livable and sustainable future. Our country’s bedrock environmental laws remain under attack by elected officials who favor polluting industries over serving their constituents, and science-denying congressional members are still stalling progress in our fight against global climate change.

In fiscal 2014, the Action Fund formed a connected political action committee (“NRDC Action Fund PAC”) to make direct contributions to federal candidates who share NRDC Action Fund’s policy goals and priorities. In fiscal 2020, the Action Fund launched NRDC Action Votes, which is an independent expenditure-only federal political committee (commonly known as a Super PAC) that produces and promotes paid content to targeted voters in support of pro-environment candidates.

Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NRDC India Private Limited (NRDC India) is a for-profit private limited company based in New Delhi, India. NRDC owns all of NRDC India's equity and controls appointment of NRDC India's Board of Directors. NRDC India was formed in January 2023 to create an India-based entity that could house local employees and offer a competitive and attractive vehicle for recruiting experts who have the skills needed to support India's progress on public health and equity, clean energy, job creation, and climate resiliency. When NRDC's International Program needs assistance with its work in India and with Indian partner organizations, it is able to task NRDC India with any work that NRDC lacks the in-house expertise to handle internally. NRDC pays fees to NRDC India in exchange for the services, where such fees were set by a third-party benchmarking analysis required under Indian law to ensure that local subsidiaries of foreign organizations are charging fees in accordance with all applicable legal and regulatory requirements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The consolidated financial statements of NRDC, which include the NRDC Action Fund, NRDC Action Votes and NRDC India, are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All inter-company transactions have been eliminated in the preparation of the accompanying consolidated financial statements.

***Net Assets***

NRDC's consolidated financial statements distinguish between net assets with donor restrictions and net assets without donor restrictions, based upon the existence or absence of donor-imposed restrictions, as follows:

***Net Assets Without Donor Restrictions***

Include funds that have not been restricted by donors and are therefore available for use in carrying out the general operations of NRDC. Such net assets may be designated for specific purposes by the Board of Trustees.

***Net Assets With Donor Restrictions***

Include funds that have been restricted by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of NRDC pursuant to those stipulations and funds whereby donors have stipulated that the corpus contributed be invested and maintained in perpetuity. Income earned on donor-invested assets is generally available for expenditure according to donor-imposed restrictions, if any (see Notes 4 and 11).

***Revenue Recognition***

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), NRDC recognizes revenue when control of the promised goods or services is transferred to outside parties in an amount that reflects the consideration NRDC expects to be entitled to in exchange for those goods or services. NRDC applies the five-step revenue model stipulated by ASC 606 to applicable revenue streams in order to determine when revenue is earned and recognized. The five-step model requires NRDC to (i) identify contracts with customers, (ii) identify performance obligations related to those contracts, (iii) determine the transaction price, (iv) allocate that transaction price to performance obligations, and (v) recognize revenue when or as NRDC satisfies a performance obligation.

Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

ASC 606 also requires disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. NRDC recognizes contract revenue with customers, as goods or services are transferred or provided in accordance with ASC 606.

NRDC derives its revenues principally from foundations, memberships and individual contributions, bequests, awarded attorney fees and investment returns.

The carrying value of receivables has been reduced by an estimated allowance for potentially uncollectible accounts, based on historical collection experience, and therefore, approximates net realizable value. Receivables are written-off in the period in which they are deemed to be uncollectible.

**Contributions and Grants**

NRDC recognizes revenue from grants and contracts in accordance with Accounting Standards Update (“ASU”) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, NRDC evaluates whether a transfer of assets is (i) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (ii) a contribution. If the transfer of assets is determined to be an exchange transaction, NRDC applies guidance under ASC 606, discussed above. If the transfer of assets is determined to be a contribution, NRDC evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before NRDC is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets.

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged at their net realizable value. Unconditional promises to give, which are to be received after one year, are discounted using an appropriate discount rate (credit adjusted) commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for potentially uncollectible contributions receivable is provided in the net asset class in which the contribution receivable resides, based on an assessment of the creditworthiness of the respective donor and nature of fundraising activity. Contributions are written-off when determined to be uncollectible.

Contributions with purpose or time restrictions are reported as increases in net assets with donor restrictions and subsequently released when the restrictions on which they depend are met. Contributions subject to donor-imposed stipulations that the corpus be maintained in perpetuity are also recognized as increases in net assets with donor restrictions.

Conditional promises to give and intentions to give are not recognized as revenue until they become unconditional, that is, when the conditions on which they depend are met.

Contributed services are recognized in the consolidated financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The estimated fair value of contributed services are recorded as in-kind contributions and expenses amongst the functional expense categories benefitted in the period received (see Note 12). A number of unpaid volunteers have made significant contributions of their time in furtherance of NRDC’s programs. The value of this contributed time is not reflected in the accompanying consolidated financial statements since it does not meet the criteria for recognition.

Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

***Awarded Attorney Fees***

Awarded attorney fees include court awarded fees and settlements paid to NRDC from third parties and reimbursements for NRDC's attorneys' fees and costs.

***Investments***

Investments in mutual funds and debt and equity securities with readily determinable fair values are reported based on quoted market prices as of the reporting date. Investments in non-exchange traded limited partnerships, hedge funds and similar interests are carried at fair value as determined by the respective limited partnership, hedge fund or fund manager.

Investment transactions are reported on a trade-date basis. Realized gains and losses are determined on the basis of specific identification. Unrealized gains or losses are determined by comparing cost to fair value at the beginning and end of each fiscal year. Gains or losses on investments are recognized as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations regarding the purpose or time or whereby donors have stipulated that the corpus contributed be invested and maintained in perpetuity.

NRDC's investment objectives with respect to its endowment investment funds are to preserve and enhance its real, inflation-adjusted asset value while minimizing year-to-year volatility, and to provide adequate liquidity to support NRDC in perpetuity. In connection with these investment objectives, NRDC's Board of Trustees has adopted a spending policy which allows for up to 4% of the average fair value of endowment funds, calculated at December 31, of the 12-preceding calendar-year quarters, to be used in support of operations on an annual basis. The spending policy is reviewed, and the actual amount designated for spending is determined annually. For fiscal 2023 and 2022, the approved endowment spending amounts totaled \$2,766,215 and \$4,103,138, respectively.

In May 2023, NRDC's Board authorized an additional \$18,260,305 draw from the board-designated endowment to support NRDC operations and programmatic work (see Note 4).

For fiscal 2023 and 2022, additional special appropriations from NRDC's operating reserves totaled \$934,150 and \$5,703,804, respectively, and are included as part of the transfer from other reserve funds to operations in the accompanying consolidated statements of activities.

***Cash and Cash Equivalents and Amounts Held in Escrow***

Cash and cash equivalents consist of highly liquid financial instruments with original maturities of three months or less from the date of purchase.

During fiscal 2020, NRDC collaborated with two similarly focused nonprofit organizations, collectively, the "Plaintiffs," and commenced a legal action against a for-profit company whose actions were harmful to the environment. The Plaintiffs were successful, and the court awarded a settlement of \$8.6 million, which was deposited in an escrow account with shared decision making for disbursements amongst the Plaintiffs. An additional \$193,000 was received in fiscal 2023 in connection with the original settlement agreement. Since NRDC was named as a one-third beneficiary of the court awarded settlement, it has recognized its ratable share of the settlement as revenue of the donor-restricted net asset category. Similarly, when amounts are disbursed from the escrow account, NRDC will recognize its ratable portion of the expense, as both a net asset release and a corresponding expense in the functional expense category to which the amount pertains. NRDC's interest in the escrow account cash balance is included as part of cash and cash equivalents on the consolidated balance sheets.

**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

During fiscal 2022, NRDC collaborated with four similarly focused nonprofit organizations, collectively, the 'Plaintiffs', and commenced a legal action against the City of Los Angeles, Port of Los Angeles ("Port") and Los Angeles Board of Harbor Commissioners whose actions were harmful to the environment. The Plaintiffs were successful, and the court awarded a settlement of \$12 million with shared decision making for disbursements amongst the Plaintiffs. Since NRDC was named as a one-fifth beneficiary of the court awarded settlement, it has recognized its ratable share of the settlement as revenue of the donor-restricted net asset category. NRDC, along with the other four nonprofit organizations, entered into an agreement with Rose Foundation for Communities and the Environment to establish a mitigation fund to spend on projects to address air pollutant emissions from the Port in the communities of San Pedro and Wilmington and, accordingly, recognized its ratable portion of the expense, as both a net asset release and a corresponding expense in the functional expense category to which the amount pertains.

***Liquidity and Availability of Financial Assets***

The following table reflects NRDC's financial assets as of June 30, 2023 and 2022 available to meet general expenditures within one year of the respective balance sheet date:

	2023	2022
Cash and cash equivalents, excluding amounts held in escrow of \$907,411 and \$286,000 in 2023 and 2022, respectively	\$ 26,729,138	\$ 52,036,140
Contributions receivable, net, due within one year and unrestricted as to use	626,700	5,450,775
Total financial assets available within one year, before anticipated endowment draw	27,355,838	57,486,915
Add:		
Anticipated endowment draw in support of the following year's operations/capital expenditures	9,800,000	5,000,000
Anticipated draw from operating reserves in support of the following year's operations	2,100,000	13,000,000
Total financial assets available to management for general expenditures within one year	\$ 39,255,838	\$ 75,486,915

The anticipated endowment draw in support of fiscal 2024 operations totaling \$9,800,000 is comprised of a \$1,700,000 anticipated draw from the Donor-restricted endowment fund and an \$8,100,000 anticipated draw from the Board-designated endowment fund for program expenses and general operations. The anticipated draw from operating reserves in support of fiscal 2024 operations totaling \$2,100,000 is expected to fund program expenses. As of the date of these consolidated financial statements, NRDC continues to closely monitor its overall financial performance including the level of contributions and its budget to actual spending and will adjust the amount of anticipated draws from its endowment and reserves, as appropriate.

Excluded from the detail provided above are all investment amounts pertaining to NRDC's endowment fund totaling \$362,443,630 as of June 30, 2023 and \$308,640,830 as of June 30, 2022. NRDC's endowment fund includes both donor-restricted investments (original gift amount and accumulated gains) and NRDC's Board-designated endowment (quasi-endowment) (See Note 4 for a detail of NRDC's endowment fund). The endowment is subject to an annual spending rate of 4% for both fiscal 2023 and 2022, as further described in Note 2. Although NRDC does not intend to spend from its Board-designated endowment, other than amounts appropriated for operations annually, if necessary, such amounts could be made available in support of NRDC's mission, following Board approval. As of June 30, 2023 and 2022, NRDC had \$315,356,753 and \$264,329,421, respectively, of Board-designated endowment funds. The extent of



Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

available financial assets as of June 30, 2023, presented above, includes an approximation of the fiscal 2023 endowment draw to be used in support of 2024 operations.

Also excluded from the detail provided above are all investment amounts pertaining to NRDC's strategic reserve for program initiatives and operational reserves totaling \$80,617,391 as of June 30, 2023 and \$126,147,169 as of June 30, 2022. See Note 9 for a detail of NRDC's available lines of credit.

**Split-Interest Agreements**

NRDC holds assets under split-interest agreements consisting of pooled life income funds ("PIFs"), charitable remainder unitrusts ("CRUTs") and charitable gift annuities ("CGAs") for which NRDC serves as the trustee. Such agreements provide for payments to the donors or their stipulated beneficiaries of either income earned on related investments or specified annuity amounts. Assets held under these agreements are reported as investments in split-interest agreements on the consolidated balance sheet. A portion of the contributed assets is considered to be a charitable contribution for income tax purposes by the donor and has been recognized as a contribution at the date of gift in the appropriate net asset category. When the terms of the gift instrument have been met, the remaining amount of the gift, if any, may be used for general or specific purposes as stipulated by the respective donor.

Under NRDC's charitable remainder unitrusts and charitable gift annuities programs, where NRDC is the trustee, liabilities are recorded for the present or fair value of the estimated future payments expected to be made to the donors and/or beneficiaries, as long as they live, after which time the remaining assets, if any, are available for the unrestricted use of NRDC, unless stipulated otherwise by the donor. Under NRDC's pooled life income funds program, the difference between the fair value of the assets received and the revenue recognized is recorded as deferred revenue, representing the amount of the discount for future interests, on the consolidated balance sheet. Upon termination of a life interest, the share of the corpus attributable to the life tenant becomes available to NRDC. Changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments are reported as change in value of split-interest agreements on the consolidated statement of activities.

**Fixed Assets**

Property acquisitions and improvements are stated at cost, or in the case of donations, at fair value as determined on the date of gift. Assets, including improvements, costing \$5,000 or more with expected useful lives longer than three years are capitalized and depreciated on a straight-line basis (applying the modified half-year convention) over the following estimated useful lives:

Buildings and improvements	10 - 40 years
Furniture and equipment	3 - 15 years
Computer and software	3 years

Leasehold improvements are amortized over the estimated useful lives of the improvements or the term of the leases to which they pertain, whichever is shorter.

**Cloud Computing Arrangements**

NRDC follows guidance that clarifies the accounting for cloud computing arrangements ("CCA"), including principles relating to financial statement recognition and measurement. This guidance provides that the fees paid for a CCA are within the scope of the internal-use software guidance if two criteria exist, including a contractual right to the software and feasibility to operate the software on hardware located on premises.

CCA customized for use is capitalized and amortized over a term of three years and is recorded as part of prepaid expenses and other assets on the consolidated balance sheet.

Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

***Measure of Operations***

Included in operating activities without donor restrictions are revenues and expenses used for the general support of NRDC's program and supporting services, including amounts appropriated for expenditure under the Board-approved spending policy and other Board-approved appropriations and transfers. These funds provide for the salaries and benefits for staff, costs of publications and other normal business functions such as utilities and rent.

Non-operating activities include: (1) planned-giving fund related activities; (2) investment return designated for long-term investment, in excess of (less than) amounts used for operations; (3) changes in values of split-interest agreements; (4) pension-related activities; (5) net asset transfers and reclassifications; and (6) other items considered to be unusual or nonrecurring in nature.

***Expenses***

The costs of providing program and supporting services have been summarized on the accompanying consolidated statements of activities. Certain overhead expenses, principally rent, depreciation and amortization, insurance and interest, are allocated among NRDC's program and supporting services on the basis of salaries charged to the respective functional area. See the accompanying consolidated statements of functional expenses.

***Use of Estimates***

The preparation of financial statements in conformity 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 financial statements, and, the reported amounts of revenues and expenses during the reporting period. The more significant estimates include the valuation of non-exchange traded alternative investments, the collection of contributions and grant receivables and actuarial assumptions related to the defined benefit pension and postretirement benefits plans, accrual for self-funded health insurance plan expenses and obligations due under split-interest agreements. Actual results could differ from those estimates.

***Fair Value of Financial Instruments***

FASB ASC Topic 820, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. It also provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction as defined by the standard and prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Level 1 - Quoted prices are available in active markets for identical financial instruments as of the measurement date. The type of investments in Level 1 includes listed equities and certain fixed income and debt securities held in the name of NRDC and exclude listed equities and other securities held indirectly in commingled funds.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies.

Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Level 3 - Pricing inputs are unobservable and include situations where there is little, if any, market activity for the respective financial instrument as of the measurement date. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments, partnerships and similar interests.

NRDC's policy is to recognize transfers in and transfers out of levels at the end of each respective reporting period.

***Income Taxes***

NRDC follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. NRDC has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and, to review other matters that may be considered uncertain tax positions. NRDC does not believe its 2023 and 2022 consolidated financial statements include any material uncertain tax positions.

***Concentrations of Credit and Market Risk***

Cash, cash equivalents and investments are exposed to various risks, such as market, credit and liquidity risks. To minimize such risks, NRDC has a diversified investment portfolio in a variety of asset classes managed by multiple independent investment managers. NRDC's cash, cash equivalents and investments are placed with high credit quality financial institutions. NRDC regularly evaluates its investments including performance thereof. Due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying consolidated financial statements can vary substantially from year to year and such changes could be material. NRDC maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits; however, NRDC does not anticipate nonperformance by these financial institutions.

***Subsequent Events***

NRDC evaluated its June 30, 2023 consolidated financial statements for subsequent events through January 17, 2024, the date the consolidated financial statements were available to be issued. NRDC is not aware of any material subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements, other than in-transit endowment draws disclosed in Note 4 and the settlement of a pending investment redemption disclosed in Note 5.

**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

**NOTE 3 - CONTRIBUTIONS AND GRANTS RECEIVABLE, NET**

Contributions and grants receivable, net, at June 30, 2023 and 2022 are expected to be collected as follows:

	2023	2022
Amounts expected to be collected in:		
One year or less	\$ 12,174,935	\$ 18,348,032
Between one and five years	6,712,150	2,636,012
	18,887,085	20,984,044
Less: discount to present value (at rates ranging from 1.37% to 10.08%)	(993,478)	(149,398)
Less: allowance for uncollectible accounts	(414,879)	(670,525)
Total contributions and grants receivable, net	\$ 17,478,728	\$ 20,164,121

NRDC has been notified of certain intentions to give under various wills and trust agreements, the realizable amounts of which are not presently determinable. NRDC's share of such bequests is recorded when NRDC has an irrevocable right to the bequest and the proceeds are measurable.

At June 30, 2023, NRDC has been awarded \$24,767,660 in conditional grants which have not been recorded on the accompanying 2023 consolidated financial statements. These grants are conditional based on the presence of quantifiable barriers and a right of return outlined in each agreement.

**NOTE 4 - ENDOWMENT**

In accordance with the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), NRDC applies a standard of prudence and considers the following factors, prescribed by NYPMIFA, in making a determination to appropriate for expenditure or to accumulate donor-restricted endowment funds:

- The duration and preservation of its endowment;
- The purposes of NRDC and its endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and appreciation of endowment investments;
- Other resources of NRDC;
- The investment policies of NRDC; and
- Where appropriate, alternatives to spending from donor-restricted endowment funds and the possible effects on NRDC.

Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

Net assets associated with individual endowment funds, including funds designated by NRDC's Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. NRDC maintains two endowment pools:

Donor-restricted endowment fund

The Donor-restricted endowment (49 individual funds) is provided by donors with the requirement to be held in perpetuity to generate earnings now and in future years to support a variety of purposes, including funding program and supporting services.

NRDC classifies as the donor-restricted endowment: (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 its permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in original gift is classified as accumulated gains until such amounts can be prudently appropriated for expenditure, consistent with donor stipulations and the standard of prudence prescribed by NYPMIFA.

Board-designated endowment fund

The Board-designated endowment (16 individual funds) is intended to support NRDC's work over time and safeguard NRDC's financial health. It operates as a strategic investment fund, a source of operating support up to an annual spending rate of 4%, and as a resource for budget stabilization during operating deficits. The Board may authorize, at its discretion, additional spending as needed to support programmatic work and advance the mission, to finance capital expenditures, or to deploy funds to mitigate anticipated contributed revenue deficits.

NRDC also holds certain reserves that are expected to be spent down over time, are tracked and managed outside of the endowment, and will be used principally for program purposes. These funds are classified as "strategic reserves for program initiatives and operational reserves" in Note 5 and are not subject to NYPMIFA, or the Board of Trustee endowment spending policy.

Endowment net asset composition by type of fund as of June 30, 2023 and 2022 is as follows:

	2023			Total
	Without Donor Restrictions	With Donor Restrictions		
		Accumulated Gains	Original Gift	
Donor-restricted funds	\$ -	\$ 15,765,758	\$ 31,321,119	\$ 47,086,877
Board-designated funds	315,356,753	-	-	315,356,753
Total endowment net assets	<u>\$ 315,356,753</u>	<u>\$ 15,765,758</u>	<u>\$ 31,321,119</u>	<u>\$ 362,443,630</u>

Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

	2022			Total
	Without Donor Restrictions	With Donor Restrictions		
		Accumulated Gains	Original Gift	
Donor-restricted funds	\$ -	\$ 13,790,290	\$ 30,521,119	\$ 44,311,409
Board-designated funds	264,329,421	-	-	264,329,421
<b>Total endowment net assets</b>	<b>\$ 264,329,421</b>	<b>\$ 13,790,290</b>	<b>\$ 30,521,119</b>	<b>\$ 308,640,830</b>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor requires NRDC to retain as a fund of permanent duration. In accordance with U.S. GAAP, shortfalls of this nature are charged to donor-restricted net assets. As of June 30, 2023, there were no endowment funds below their historical dollar value. As of June 30, 2022, one fund with an original gift amount of \$2,000,000 had a deficiency of \$76,803, for a net fund balance of \$1,923,197.

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	2023			Total
	Without Donor Restrictions	With Donor Restrictions		
		Accumulated Gains	Original Gift	
Endowment net assets, beginning of year	\$ 264,329,421	\$ 13,790,290	\$ 30,521,119	\$ 308,640,830
Investment return:				
Interest	228,834	36,377	-	265,211
Investment fees	(973,201)	(154,176)	-	(1,127,377)
Net realized and unrealized gain	21,549,921	3,421,476	-	24,971,397
<b>Total investment     return</b>	<b>20,805,554</b>	<b>3,303,677</b>	<b>-</b>	<b>24,109,231</b>
Endowment activity:				
Additions to endowment	49,920,089	-	800,000	50,720,089
Draws from endowment	(18,260,305)	-	-	(18,260,305)
Appropriation for expenditure spending policy	(888,657)	(1,328,209)	-	(2,216,866)
Appropriation for capital - related expenditures	(549,349)	-	-	(549,349)
<b>Net endowment     activity</b>	<b>30,221,778</b>	<b>(1,328,209)</b>	<b>800,000</b>	<b>29,693,569</b>
Endowment net assets, end of year	<b>\$ 315,356,753</b>	<b>\$ 15,765,758</b>	<b>\$ 31,321,119</b>	<b>\$ 362,443,630</b>

**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

Additions to the endowment included: \$24,678,862 in donor contributions; elimination of unrestricted reserves and a corresponding transfer of \$22,114,353 into the Board-designated endowment; and the elimination of the President's Fund and Strategic Initiatives Fund and a corresponding transfer of \$3,926,874 into the Board-designated endowment in early fiscal 2024 following Board approval which occurred in fiscal 2023.

In 2023, the Board approved an \$18,260,305 draw of Board-designated endowment funds to support operations and programmatic work, of which \$10,000,000 was transferred in fiscal 2023, and the remaining \$8,260,305 was transferred in early fiscal 2024.

Additionally, \$888,657 was drawn from the Board-designated endowment fund and \$1,328,209 was drawn from donor-restricted accumulated gains to be used in support of operations. The Board approved additional appropriations from the without donor-restricted portion of the endowment totaling \$549,349 to reimburse operating funds previously utilized to fund capital-related costs during fiscal 2023. The draws for operations and capital-related costs were transferred in early fiscal 2024 following Board approval which occurred in fiscal 2023.

	2022			Total
	Without Donor Restrictions	With Donor Restrictions Accumulated Gains	Original Gift	
Endowment net assets, beginning of year	\$ 285,739,572	\$ 20,568,274	\$ 30,521,119	\$ 336,828,965
Investment return (loss):				
Interest	289,904	48,262	-	338,166
Investment fees	(1,097,175)	(183,860)	-	(1,281,035)
Net realized and unrealized loss	<u>(30,588,724)</u>	<u>(5,292,030)</u>	<u>-</u>	<u>(35,880,754)</u>
Total investment loss	(31,395,995)	(5,427,628)	-	(36,823,623)
Endowment activity:				
Additions to endowment	12,738,626	-	-	12,738,626
Appropriation for expenditure spending policy	(1,552,782)	(1,350,356)	-	(2,903,138)
Appropriation for capital - related expenditures	<u>(1,200,000)</u>	<u>-</u>	<u>-</u>	<u>(1,200,000)</u>
Net endowment activity	<u>9,985,844</u>	<u>(1,350,356)</u>	<u>-</u>	<u>8,635,488</u>
Endowment net assets, end of year	<u>\$ 264,329,421</u>	<u>\$ 13,790,290</u>	<u>\$ 30,521,119</u>	<u>\$ 308,640,830</u>

In 2022, the Board approved additional appropriations from the Board-designated endowment fund totaling \$1,200,000 to reimburse operating funds utilized to fund capital-related and pension costs during fiscal 2022.

**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

**NOTE 5 - INVESTMENTS**

As of June 30, 2023 and 2022, NRDC's investments, at fair value, consist of the following:

	2023		
	Level 1	NAV <sup>(a)</sup>	Total
Endowment:			
Cash and money market funds	\$ 52,688,703	\$ -	\$ 52,688,703
Fixed Income	50,586,113	-	50,586,113
Common stocks	193,182,348	-	193,182,348
Venture capital	-	4,563,578	4,563,578
Hedge funds	-	53,932,376	53,932,376
Private equities	-	11,710,447	11,710,447
Total endowment	<u>296,457,164</u>	<u>70,206,401</u>	<u>366,663,565</u>
Board-designated - President's fund:			
Cash and money market funds	\$ 2,883,851	\$ -	\$ 2,883,851
Corporate bonds	1,043,023	-	1,043,023
Total Board-designated - President's fund	<u>3,926,874</u>	<u>-</u>	<u>3,926,874</u>
Strategic reserve for program initiatives and operational reserves:			
Cash and money market funds	60,989,718	-	60,989,718
Corporate bonds	19,627,673	-	19,627,673
Total Strategic reserves for program initiatives and operational reserves	<u>80,617,391</u>	<u>-</u>	<u>80,617,391</u>
Total investments, at fair value	<u>\$ 381,001,429</u>	<u>\$ 70,206,401</u>	451,207,830
Investment transfers pending, net <sup>(b)</sup>			<u>(8,146,809)</u>
Total investments, net of pending transfers			<u>\$ 443,061,021</u>

(a) In accordance with ASC Subtopic 820-10, investments measured at fair value using net asset value ("NAV") per share as a practical expedient have not been categorized in the fair value hierarchy.

(b) This amount represents pending investment redemptions as of June 30, 2023, that settled in fiscal 2024 impacting the Endowment and the Board-designated President's fund. Net investment transfers pending include: \$2,879,711 addition for fiscal 2023 bequest contributions; addition of \$3,926,874 related to the elimination of the President's fund and Strategic Initiatives Fund; \$8,260,305 draw from Board-designated endowment funds to support operations and programmatic work; \$888,657 draw from Board-designated endowment funds and \$1,328,209 draw from donor-restricted accumulated gains to be used in support of operations; and, a \$549,349 draw from donor-restricted funds to reimburse operating funds previously utilized to fund capital-related costs during fiscal 2023.



**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

	Level 1	2022 NAV <sup>(a)</sup>	Total
<b>Endowment:</b>			
Cash and money market funds	\$ 40,141,386	\$ -	\$ 40,141,386
Equity mutual funds	94,759,040	-	94,759,040
U.S. Government bonds <sup>(c)</sup>	31,457,761	-	31,457,761
Common stocks	55,882,211	-	55,882,211
Venture capital	-	14,463	14,463
Hedge funds	-	71,148,733	71,148,733
Private equities	-	15,237,236	15,237,236
Total endowment	<u>222,240,398</u>	<u>86,400,432</u>	<u>308,640,830</u>
<b>Board-designated - President's fund:</b>			
Cash and money market funds	\$ 3,377,977	\$ -	\$ 3,377,977
Corporate bonds	619,434	-	619,434
Total Board-designated - President's fund	<u>3,997,411</u>	<u>-</u>	<u>3,997,411</u>
<b>Strategic reserve for program initiatives and operational reserves:</b>			
Cash and money market funds	106,599,565	-	106,599,565
Corporate bonds	19,547,604	-	19,547,604
Total Strategic reserves for program initiatives and operational reserves	<u>126,147,169</u>	<u>-</u>	<u>126,147,169</u>
Total investments, at fair value	<u>\$ 352,384,978</u>	<u>\$ 86,400,432</u>	<u>\$ 438,785,410</u>

<sup>(a)</sup> In accordance with ASC Subtopic 820-10, investments measured at fair value using net asset value ("NAV") per share as a practical expedient have not been categorized in the fair value hierarchy.

<sup>(c)</sup> U.S. Government bonds - Bonds issued by the U.S. Treasury, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, Government National Mortgage Association and the Federal National Mortgage Association. The fair values of U.S. treasury bonds are based on quoted market prices in active markets, and are included in the Level 1 fair value hierarchy.

Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NRDC uses, as a practical expedient, for fair value a reported NAV per share or its equivalent for purposes of valuing its non-exchange traded alternative investments within its investment portfolio as of June 30, 2023 and 2022, as detailed below.

2023							
Alternative Investment Type	Alternative Investment Strategy	Number of Funds	NAV in Funds	Remaining Life	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Venture Capital	Investments in venture funds.	3	\$ 4,563,578	N/A	\$ 360,000	No liquidity	No liquidity
Hedge Funds	Engages in multiple strategies, including investing both long and short in global equity markets, as well as domestic, global credit and event-driven investing.	10	53,932,376	N/A	-	5 funds quarterly; 1 fund biannually with conditions; 1 fund annually; 1 fund longer than annually; and 2 funds already redeemed	3 funds have gates
Private Equities	Private equity across a diversified set of strategies including buyout, secondaries, and private debt.	5	11,710,447	N/A	3,463,207	No liquidity	No liquidity
Total		18	\$ 70,206,401		\$ 3,823,207		
2022							
Alternative Investment Type	Alternative Investment Strategy	Number of Funds	NAV in Funds	Remaining Life	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Venture Capital	Investments in venture funds.	1	\$ 14,463	N/A	\$ -	No liquidity	No liquidity
Hedge Funds	Engages in multiple strategies, including investing both long and short in global equity markets, as well as domestic, global credit and event-driven investing.	10	71,148,733	N/A	-	8 funds quarterly, 1 fund semi-annual and 1 fund monthly	9 funds have gates
Private Equities	Private equity across a diversified set of strategies including buyout, secondaries, and private debt.	7	15,237,236	N/A	6,554,530	No liquidity	No liquidity
Total		18	\$ 86,400,432		\$ 6,554,530		

NRDC has committed to investing additional amounts with certain private equity funds. As of June 30, 2023, NRDC has a remaining commitment to invest an additional \$3,823,207. Such commitments are expected to be fulfilled over the next three years.

Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

**NOTE 6 - SPLIT-INTEREST AGREEMENTS**

NRDC is the beneficiary of various split-interest agreements with donors. NRDC may control donated assets and may share with the donor or the donor's designee income generated from those assets until such time as stated in the agreement (usually upon death of the donor or the donor's designee(s)) at which time the remaining assets, if any, are generally unrestricted for NRDC's use. Under NRDC's charitable remainder trust and pooled life income fund programs, where NRDC is the trustee, NRDC has elected the fair value reporting option under ASC 825 which requires the obligation due under split-interest agreements to be measured at fair value annually based upon changes in the life expectancy of the donor or beneficiary and the discount rate at the date of measurement. Under NRDC's charitable gift annuities program, where NRDC is the trustee, NRDC has not elected the fair value reporting option under ASC 825 and reports the charitable gift annuity obligations using the original discount rate assigned at the date of the gift.

The discount rates used in the calculation of obligations due to annuitants under charitable remainder trust and pooled life income fund programs at June 30, 2023 and 2022 were 4.2% and 3.6%, respectively. Discount rates used to value the charitable gift annuity split-interest agreements ranged from 0.4% to 11.6% for fiscal 2023 and 2022. State-mandated insurance reserves related to charitable gift annuity agreements are maintained at the required level.

The following tables prioritize the inputs used to measure and report the fair value of NRDC's obligations due under charitable remainder trust and pooled life income fund programs, which are recurring fair value measurements due to changes in discount rates and certain other assumptions, at June 30, 2023 and 2022:

	2023			
	Level 1	Level 2	Level 3	Total
Obligations due under charitable remainder trusts	\$ -	\$ 1,881,699	\$ -	\$ 1,881,699
Obligations due under pooled life income funds	-	466,889	-	466,889
Total obligations	<u>\$ -</u>	<u>\$ 2,348,588</u>	<u>\$ -</u>	<u>\$ 2,348,588</u>
	2022			
	Level 1	Level 2	Level 3	Total
Obligations due under charitable remainder trusts	\$ -	\$ 1,899,821	\$ -	\$ 1,899,821
Obligations due under pooled life income funds	-	448,499	-	448,499
Total obligations	<u>\$ -</u>	<u>\$ 2,348,320</u>	<u>\$ -</u>	<u>\$ 2,348,320</u>

The amounts reported above are included on the accompanying consolidated balance sheets as part of liabilities due under split-interest agreements.

**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

The following table prioritizes the inputs used to report the fair value of NRDC's investments in split-interest agreements within the fair value hierarchy as of June 30, 2023:

	2023			Total
	Level 1	Level 2	NAV <sup>(a)</sup>	
Charitable gift annuities:				
Cash and cash equivalents	\$ 282,443	\$ -	\$ -	\$ 282,443
U.S. government and agency debt obligations	-	6,275,073	-	6,275,073
Corporate and other debt obligations	-	2,662,142	-	2,662,142
Common trust funds	-	-	7,490,887	7,490,887
Total charitable gift annuities	<u>282,443</u>	<u>8,937,215</u>	<u>7,490,887</u>	<u>16,710,545</u>
Charitable remainder trusts:				
Cash and cash equivalents	162,040	-	-	162,040
Equity mutual funds	2,246,247	-	-	2,246,247
Charitable bond common trust fund	-	-	534,064	534,064
Total charitable remainder trusts	<u>2,408,287</u>	<u>-</u>	<u>534,064</u>	<u>2,942,351</u>
Pooled life income funds:				
Cash equivalents	\$ 23,701	\$ -	\$ -	\$ 23,701
Exchange traded fund	1,193,539	-	-	1,193,539
Total pooled life income funds	<u>1,217,240</u>	<u>-</u>	<u>-</u>	<u>1,217,240</u>
Total investments in split-interest agreements	<u>\$ 3,907,970</u>	<u>\$ 8,937,215</u>	<u>\$ 8,024,951</u>	<u>\$ 20,870,136</u>

(a) In accordance with ASC Subtopic 820-10, investments measured at fair value using NAV per share as a practical expedient have not been categorized in the fair value hierarchy.

Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The following table prioritizes the inputs used to report the fair value of NRDC's investments in split-interest agreements within the fair value hierarchy as of June 30, 2022:

	2022			Total
	Level 1	Level 2	NAV <sup>(a)</sup>	
Charitable gift annuities:				
Cash and cash equivalents	\$ 233,386	\$ -	\$ -	\$ 233,386
U.S. government and agency debt obligations	-	6,733,302	-	6,733,302
Corporate and other debt obligations	-	2,975,738	-	2,975,738
Common trust funds	-	-	6,961,615	6,961,615
Total charitable gift annuities	<u>233,386</u>	<u>9,709,040</u>	<u>6,961,615</u>	<u>16,904,041</u>
Charitable remainder trusts:				
Cash and cash equivalents	175,046	-	-	175,046
Equity mutual funds	2,162,536	-	-	2,162,536
Charitable bond common trust fund	-	-	552,073	552,073
Total charitable remainder trusts	<u>2,337,582</u>	<u>-</u>	<u>552,073</u>	<u>2,889,655</u>
Pooled life income funds:				
Cash equivalents	21,277	-	-	21,277
Exchange traded fund	1,252,232	-	-	1,252,232
Total pooled life income gifts	<u>1,273,509</u>	<u>-</u>	<u>-</u>	<u>1,273,509</u>
Total investments in split-interest agreements	<u>\$ 3,844,477</u>	<u>\$ 9,709,040</u>	<u>\$ 7,513,688</u>	<u>\$ 21,067,205</u>

(a) In accordance with ASC Subtopic 820-10, investments measured at fair value using NAV per share as a practical expedient have not been categorized in the fair value hierarchy.

Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NRDC uses, as a practical expedient, for fair value a reported NAV per share or its equivalent for purposes of valuing certain investments included within its split-interest investment portfolio as of June 30, 2023 and 2022, as detailed below:

		2023					
Investment Type	Investment Strategy	Number of Funds	NAV in Funds	Remaining Life	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Charitable Bond Common Trust Fund	Investing primarily in fixed-income securities.	1	\$ 534,064	N/A	\$ -	Monthly	None
Common Trust Fund: EAFE Index CTF - ECTF	Approximates overall performance of the MSCI EAFE Index.	1	1,885,646	N/A	-	Monthly	None
Common Trust Fund: Non-Lending Fund Emerging Markets MSCI Non-Lending Fund	Approximates overall performance of the MSCI Emerging Markets Index.	1	953,235	N/A	-	Monthly	None
Common Trust Fund: U.S. Total Market Index CTF	Approximates overall performance of the Dow Jones U.S. Total Stock Market Index.	1	4,652,006	N/A	-	Daily	None
		<u>4</u>	<u>\$ 8,024,951</u>		<u>\$ -</u>		
		2022					
Investment Type	Investment Strategy	Number of Funds	NAV in Funds	Remaining Life	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Charitable Bond Common Trust Fund	Investing primarily in fixed-income securities.	1	\$ 552,073	N/A	\$ -	Monthly	None
Common Trust Fund: EAFE Index CTF - ECTF	Approximates overall performance of the MSCI EAFE Index.	1	1,783,558	N/A	-	Monthly	None
Common Trust Fund: Non-Lending Fund Emerging Markets MSCI Non-Lending Fund	Approximates overall performance of the MSCI Emerging Markets Index.	1	1,004,432	N/A	-	Monthly	None
Common Trust Fund: U.S. Total Market Index CTF	Approximates overall performance of the Dow Jones U.S. Total Stock Market Index.	1	4,173,625	N/A	-	Daily	None
		<u>4</u>	<u>\$ 7,513,688</u>		<u>\$ -</u>		

**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

The following tables summarize the changes in split-interest agreement obligations for the years ended June 30, 2023 and 2022:

	2023		2022	
	Charitable Gift Annuities and CRUTs	Pooled Life Income Funds	Charitable Gift Annuities and CRUTs	Pooled Life Income Funds
Beginning of the year	\$ 14,928,041	\$ 448,499	\$ 14,515,648	\$ 227,363
New agreements - CGAs	152,719	-	1,582,673	-
New agreements - CRUTs	-	-	61,581	-
Payments to annuitants and beneficiaries	(1,376,912)	(59,885)	(1,384,074)	(43,913)
Change in value due to actuarial valuations	663,117	42,988	928,623	430,117
Investment income (loss)	-	43,055	-	(146,503)
Fees	-	(7,768)	-	(18,565)
Other charitable remainder trust activity	(37,151)	-	(776,410)	-
End of the year	<u>\$ 14,329,814</u>	<u>\$ 466,889</u>	<u>\$ 14,928,041</u>	<u>\$ 448,499</u>

**NOTE 7 - FIXED ASSETS, NET**

Fixed assets, net, consist of the following at June 30, 2023 and 2022:

	2023	2022
Buildings and improvements	\$ 53,284,673	\$ 47,639,493
Furniture and equipment	8,059,344	7,999,982
Computer and software	7,570,343	7,554,903
Leasehold improvements	5,154,757	5,114,960
	74,069,117	68,309,338
Less: accumulated depreciation and amortization	<u>(43,024,588)</u>	<u>(40,524,111)</u>
	31,044,529	27,785,227
Work-in-progress	<u>3,903,309</u>	<u>8,112,632</u>
Total fixed assets, net	<u>\$ 34,947,838</u>	<u>\$ 35,897,859</u>

Work-in-progress principally represents costs incurred for renovations in the New York City, Washington, D.C., Santa Monica, and San Francisco offices.

Depreciation and amortization for the years ended June 30, 2023 and 2022 totaled \$2,500,477 and \$2,440,254, respectively.

Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE 8 - EMPLOYEE BENEFIT PLANS

*Defined Benefit Pension Plan*

Prior to June 30, 2007, NRDC provided a defined benefit pension plan (the "Plan") covering salaried permanent employees. Benefits were based on years of service and the employee's compensation during the last five years of employment. Effective June 30, 2007, NRDC froze the Plan. Following June 30, 2007, employees will no longer become eligible to participate in the Plan and vested employees in the Plan prior to June 30, 2007 will no longer accrue additional benefits. NRDC's funding policy is to contribute annually at least the minimum contributions required by applicable regulations.

The following table provides the funded status of the Plan at June 30, 2023 and 2022 and related actuarial assumptions and other information for the years then ended:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation:		
Projected benefit obligation, beginning of year	\$ 23,057,741	\$ 28,429,652
Interest cost	959,693	684,653
Assumption change	(29,288)	(5,355,895)
Actuarial loss	152,942	422,626
Benefits paid	(1,345,367)	(1,123,295)
Settlements	(1,845,686)	-
	<u>\$ 20,950,035</u>	<u>\$ 23,057,741</u>
	<u>2023</u>	<u>2022</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	\$ 21,461,554	\$ 24,225,886
Actual gain / (loss) on assets	207,820	(3,967,608)
Employer contributions	760,000	2,500,000
Plan expenses	(231,135)	(173,429)
Benefits paid	(1,345,367)	(1,123,295)
Settlements	(1,845,686)	-
	<u>19,007,186</u>	<u>21,461,554</u>
Funded status (unfunded)	<u>\$ (1,942,849)</u>	<u>\$ (1,596,187)</u>
Accumulated benefit obligation	<u>\$ 20,950,035</u>	<u>\$ 23,057,741</u>
Accumulated net loss recognized in net assets	<u>\$ 8,750,512</u>	<u>\$ 9,746,421</u>



**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

	2023	2022
Components of net periodic pension cost:		
Interest cost	\$ 959,693	\$ 684,653
Expected (return) on assets	(705,725)	(425,902)
Amortization of actuarial loss	1,077,339	1,053,079
Net periodic pension cost	\$ 1,331,307	\$ 1,311,830
Other changes recognized in net assets without donor restrictions:		
Actuarial loss / (gain)	\$ 852,694	\$ (366,330)
Amortization of actuarial loss	(1,077,339)	(1,053,079)
Effect of settlement on net assets	(771,264)	-
Pension-related activity, other than net periodic pension cost	\$ (995,909)	\$ (1,419,409)

The amount reflected above as assumption change, which served to decrease the fiscal 2023 benefit obligation by \$29,288, is primarily due to an increase in the discount rate (i.e., from 4.31% to 4.85%).

Weighted-average assumptions used to determine benefit obligations at June 30, 2023 and 2022 follow:

	2023	2022
Discount rate	4.85%	4.31%
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine net periodic pension cost for the years ended June 30, 2023 and 2022 follow:

	2023	2022
Discount rate*	4.31%	2.47%
Expected return on plan assets*	4.31%	2.47%
Rate of compensation increase	N/A	N/A

\* Expected return on asset aligns with discount rate, consistent with a liability hedging investment strategy that minimizes funded status volatility due to interest rates.

Benefit payments are expected to be paid as follows:

Year Ending June 30,	
2024	\$ 1,600,000
2025	1,653,000
2026	1,657,000
2027	1,658,000
2028	1,638,000
2029-2033	7,706,000
Total expected benefit payments	\$ 15,912,000

**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

The benefit payments schedule above assumes payouts as the Plan presently operates as of June 30, 2023. However, NRDC is in the process of terminating the Plan with an expected effective date in December 2023.

NRDC expects to make a termination contribution to the Plan during fiscal 2024 totaling \$3,540,000. The estimated actuarial loss that will be amortized into net periodic pension cost during fiscal 2024 is \$1,042,811.

**Plan Assets**

NRDC determines its assumptions for the expected rate of return on plan assets for its pension plan based on ranges of anticipated rates of return for each asset class. A weighted range of nominal rates is then determined based on target allocations for each asset class. Market performance over a number of earlier years is evaluated covering a wide range of economic conditions to determine whether there are reliable reasons for projecting forward any past trends.

Third-party investment professionals manage NRDC's pension plan assets, rebalancing assets as NRDC deems appropriate. NRDC's investment strategy with respect to its pension plan assets is to minimize the volatility in the Plan's funded status by maintaining a diversified fixed income portfolio that exhibits similar characteristics to the Plan's liabilities. To develop the expected rate of return on assets assumption, NRDC considered the historical returns and the future expectations for returns for each fixed income asset class, as well as the target asset allocation of the pension plan portfolio.

NRDC's pension plan investment strategy is to invest in a prudent manner for the exclusive purpose of providing benefits to participants. The investment strategy is targeted to produce a total return that, when combined with NRDC's contributions to the pension fund, will maintain the funds' ability to meet all required benefit obligations. Risk is controlled through diversification of asset types and investments in fixed income.

The following tables prioritize the inputs used to report the fair value of the Plan's investments within the fair value hierarchy as of June 30, 2023 and 2022:

	2023		
	Level 1	NAV <sup>(a)</sup>	Total
Fixed-income funds	\$ 15,826,475	\$ -	\$ 15,826,475
Short-term money market fund	3,180,711	-	3,180,711
Total pension plan investments	\$ 19,007,186	\$ -	\$ 19,007,186
	2022		
	Level 1	NAV <sup>(a)</sup>	Total
Fixed-income funds	\$ 17,687,903	\$ -	\$ 17,687,903
Short-term money market fund	3,773,651	-	3,773,651
Total pension plan investments	\$ 21,461,554	\$ -	\$ 21,461,554

(a) In accordance with ASC Subtopic 820-10, investments measured at fair value using NAV per share as a practical expedient have not been categorized in the fair value hierarchy.

**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

The percentages of the fair value of total plan assets by asset category are as follows at June 30, 2023 and 2022:

	2023	2022
Fixed-income funds	83%	82%
Short-term money market fund	17	18
	100%	100%

***Tax-Deferred Annuity 403(b) Plan***

In addition to the defined benefit pension plan, NRDC has a group tax-deferred annuity 403(b) plan covering substantially all employees. NRDC made employer contributions under a “Graduated Service Schedule” to its 403(b) Plan. The funds are held for each employee in an individual account maintained by an investment firm. Plan costs aggregated \$8,542,004 and \$7,891,636 for the years ended June 30, 2023 and 2022, respectively.

***Deferred Compensation 457(b) Plan***

In addition to the defined benefit pension plan and tax-deferred annuity 403(b) plan, NRDC implemented a 457(b) plan, effective September 1, 2002, for certain highly compensated employees who were former members of the pension plan. These employees (and anyone who is new to NRDC that meets specific eligibility requirements) can defer compensation up to the maximum dollar amount under Section 457(e)(15) of the IRC of 1986, as amended. As of June 30, 2023 and 2022, NRDC’s obligations under the 457(b) plan totaled \$2,189,544 and \$2,124,831, respectively, and are reported separately as part of both investments and obligations under deferred compensation plan on the accompanying consolidated balance sheets. The funds are held for each employee in an individual account maintained by an investment firm.

As of June 30, 2023 and 2022, NRDC’s investments pertaining to its deferred compensation plan consist of the following investments, all of which are categorized as Level 1 within the fair value hierarchy.

	2023	2022
Fixed-income mutual funds	\$ 311,503	\$ 372,680
Equity mutual funds	801,109	803,865
Blended mutual funds	1,076,932	948,286
Total investments related to deferred compensation plan	\$ 2,189,544	\$ 2,124,831

**NOTE 9 - DEBT OBLIGATIONS**

***Bank Loans***

During fiscal 2022, NRDC entered into two bank loan agreements which served to refinance the then existing bank line of credit and the tax-exempt bonds issued for NRDC by Build NYC Capital Resource Corporation.

Natural Resources Defense Council, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

The first loan provided \$18,500,000 of proceeds which were primarily used to (a) repay the tax-exempt bonds, (b) repay the line of credit, (c) reimburse NRDC for the cost of terminating an interest-rate swap agreement, and (d) pay for the costs of issuance and other capital needs. The loan bears interest at a rate of 2.41% per year with monthly payments of principal and interest based on a 25-year amortization schedule until April 1, 2037, at which time all outstanding principal and accrued interest will be due.

The second loan provided \$15,000,000 of proceeds for various anticipated capital expenditures and other working capital needs. NRDC may draw down balances as desired between April 1, 2022 and April 1, 2024, at which time any undrawn portion of the \$15,000,000 will be drawn. During this drawdown period, the loan bears interest at a variable interest rate based on the Bloomberg Short-Term Bank Yield (BSBY) index plus a spread. Beginning in April 2024, the loan will bear interest at a fixed rate of 2.52%, with monthly payments of principal and interest based on a 25-year amortization schedule until April 1, 2037 at which time all remaining principal and accrued interest will be due. At June 30, 2023 and 2022, principal outstanding on the two loans totaled \$17,769,483 and \$20,810,937.

**Bank Line of Credit**

NRDC established a bank revolving credit facility for \$30,000,000 on June 3, 2020, which was subsequently reduced to \$2,000,000. The facility has an unused commitment fee of 0.15%, determined on the basis of the unused amount. There were no amounts drawn on the facility at June 30, 2023 and 2022. The line of credit expires June 1, 2024 unless renewed.

Interest expense totaling \$533,705 and \$339,100 for the years ended June 30, 2023 and 2022, respectively, has been allocated to program and supporting services on the accompanying consolidated statements of activities. NRDC incurred \$180,977 of debt restructuring costs in 2020, which have been capitalized and are being amortized over five years and are offset against the term loan on the accompanying 2023 and 2022 consolidated balance sheets. At June 30, 2023 and June 30, 2022, the unamortized debt restructuring cost totaled \$92,171 and \$98,874, respectively.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

**Leases**

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires the recognition of rights and obligations arising from lease contracts - existing and new arrangements - as right-of-use ("ROU") assets and lease liabilities on the balance sheet. NRDC adopted ASU 2016-02 as of July 2020, and as part of the transition, the organization elected the following practical expedients:

- Package of practical expedients which eliminates the need to reassess (1) whether any expired or existing contracts are or contain leases; (2) the lease classification for any expired or existing leases; and (3) the initial direct costs for any existing leases.
- The practical expedient whereby the lease and non-lease components will not be separated for all classes of assets
- Not to recognize ROU assets and corresponding lease liabilities with a lease term of 12 months or less from the lease commencement date.

For existing leases, NRDC did not reassess the lease term upon adoption.

**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

***Lease Obligations***

NRDC predominantly enters into operating leases for the right-to-use office buildings and equipment.

During the year ended June 30, 2023, NRDC incurred total operating lease costs in the amount of \$5,996,070 and paid \$5,099,024 for amounts included in the measurement of operating lease liabilities. The total weighted-average remaining lease term is 9.21 years, and the weighted-average discount rate used to calculate the present value of future minimum lease payments is 0.79%. NRDC elected to use the practical expedient available to nonpublic entities to use a risk-free rate to discount the lease payments. NRDC elected the option to combine lease and non-lease components for the class of all underlying assets.

At June 30, 2023, future lease payments pursuant to the Washington, D.C.; San Francisco, California; Chicago, Illinois; and Beijing, China non-cancellable office lease agreements and other operating space and equipment leases, all classified as operating leases, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 5,267,515
2025	5,618,720
2026	5,183,404
2027	5,100,078
2028	5,810,365
Thereafter	20,080,374
Total future lease payments	\$ 47,060,456
<u>Reconciliation</u>	
Undiscounted lease payments as of June 30, 2023	\$ 47,060,456
Less: discounting of the lease payments	(1,816,585)
Total lease liability as of June 30, 2023	\$ 45,243,871

Total operating rent expense for the years ended June 30, 2023 and 2022 totaled \$5,996,070 and \$6,047,236, respectively.

***Legal Matters***

NRDC is a defendant in various legal matters arising from the normal conduct of its affairs. Management believes that the settlement, if any, of such matters is either subject to insurance coverage or not expected to have a material adverse effect on the consolidated financial statements of NRDC.

**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

**NOTE 11 - NET ASSETS**

Net assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	2023	2022
Specific environmental programs	\$ 78,619,020	\$ 112,279,665
NRDC Action Fund, Inc.	15,479,492	13,210,090
NRDC Action Votes	1,801	45,466
Pledges receivable - upon collection will be added to the permanent endowment	1,200,000	2,000,000
Original gift amount held in the donor-restricted endowment	31,321,119	30,521,119
Accumulated gains held in the donor-restricted endowment	15,765,758	13,790,290
Donor-restricted split-interest agreements	1,775,878	1,782,293
Total net assets with donor restrictions	\$ 144,163,068	\$ 173,628,923

In fiscal 2023 and 2022, net assets totaling \$129,985,499 and \$121,946,431, respectively, were released from donor restrictions due to the passage of time or by incurring expenses satisfying the restricted purposes specified by the donors during the years ended June 30, 2023 and 2022, respectively. The details of the net assets released from restrictions are as follows:

	2023	2022
Memberships and individual contributions - program services	\$ 62,682,662	\$ 56,901,098
Satisfaction of foundation grants - program services	47,118,257	42,604,577
NRDC Action Fund, Inc.	16,164,079	18,285,266
NRDC Action Votes	2,213,292	405,134
Investment return appropriated for program services	1,328,209	1,350,356
Awarded attorney fees used for program services	479,000	2,400,000
Total net assets released from restrictions	\$ 129,985,499	\$ 121,946,431

***Restricted Net Assets***

Net assets held in perpetuity at June 30, 2023 and 2022 consist of endowment funds, the investment return from which is restricted for specific purposes and is recorded as part of net assets with donor restrictions (accumulated gains) until appropriated for expenditure by NRDC's Board of Trustees. Net assets held in perpetuity also include pledges receivable totaling \$1,200,000 and \$2,000,000 as of June 30, 2023 and 2022, respectively.

**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

**NOTE 12 - IN-KIND CONTRIBUTIONS**

During fiscal 2023 and 2022, NRDC received donated legal, consulting, and other services and goods at fair value as follows:

	2023	2022
Legal services	\$ 2,538,382	\$ 2,102,708
Consulting services	31,266	298,042
Goods and other services	633,997	536,606
Total in-kind contributions	\$ 3,203,645	\$ 2,937,356

These contributed services are recorded as in-kind contributions and expenses of various programs and supporting services in the accompanying consolidated statements of activities.

Description of Services and Goods Received	For the Year Ended June 30, 2023	For the Year Ended June 30, 2022	Utilization in Program/ Fundraising	Donor Restricted Portion	Valuation Technique and Inputs
Legal services	\$ 2,538,382	\$ 2,102,708	Program, General and Administration and Fundraising	\$ 49,811	Valued at the lawyers' hourly rates, fair value. Valued at the invoice amount, fair value. Fair value
Consulting services	31,266	298,042	Program	31,265	
Goods and other services	633,997	536,606	Program	58,317	
Total in-kind contributions	\$ 3,203,645	\$ 2,937,356		\$ 139,393	

**NOTE 13 - JOINT COSTS**

NRDC relies on a robust direct mail program to recruit and maintain its large membership that gives it standing in court to bring legal action in defense of our environment. NRDC communicates by postal mail and other channels to generate income and to mobilize the public in direct action campaigns. These campaigns have produced millions of petitions to corporations and government agencies, thereby advancing NRDC's environmental mission. Accordingly, NRDC allocates a portion of direct mail costs to program services and to fundraising in the accompanying consolidated statements of activities.

During the years ended June 30, 2023 and 2022, NRDC allocated joint costs for such informational materials and activities as follows:

	2023	2022
Clean energy future	\$ 735,912	\$ 757,559
International	122,245	93,403
Sustainable communities	178,093	196,808
Wildlife and wildlands	3,823,890	3,355,112
Fundraising	2,500,891	2,173,571
Total joint costs	\$ 7,361,031	\$ 6,576,453

**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

**NOTE 14 - NRDC ACTION FUND, INC.**

Included in the accompanying consolidated balance sheets at June 30, 2023 and 2022 and the accompanying consolidated statements of activities for the years then ended are the following amounts pertaining to NRDC Action Fund, Inc.:

	2023	2022
Balance sheets as of June 30:		
Assets	\$ 17,028,559	\$ 14,186,683
Liabilities	(1,549,067)	(976,593)
Net assets with donor restrictions	\$ 15,479,492	\$ 13,210,090
Statements of activities for years ended June 30:		
Revenues - contributions	\$ 18,130,691	\$ 15,602,944
Revenues - in-kind donations	49,811	56,290
Total revenue and support	18,180,502	15,659,234
Expenses:		
Program services:		
Clean energy future	6,845,712	6,748,873
Wildlife and wildlands	935,138	1,021,122
Sustainable communities	5,631,764	8,301,978
Total program services	13,412,614	16,071,973
Supporting services:		
Management and general	982,306	788,669
Fundraising	1,769,159	1,679,619
Total supporting services	2,751,465	2,468,288
Total expenses	16,164,079	18,540,261
Change in net assets before non-operating activities	2,016,423	(2,881,027)
Non-operating activity:		
Investment gains, net of amounts used for operations	\$ 252,979	\$ 13,155
Change in net assets	2,269,402	(2,867,872)
Net assets with donor restrictions, beginning of year	13,210,090	16,077,962
Net assets with donor restrictions, end of year	\$ 15,479,492	\$ 13,210,090



**Natural Resources Defense Council, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2023 and 2022**

**NOTE 15 - NRDC ACTION VOTES**

Included in the accompanying consolidated balance sheets at June 30, 2023 and 2022 and the accompanying consolidated statements of activities for the years then ended are the following amounts pertaining to NRDC Action Votes:

	2023	2022
Balance sheets as of June 30:		
Assets	\$ 1,801	\$ 45,466
Liabilities	-	-
Net assets with donor restrictions	\$ 1,801	\$ 45,466
Statements of activities for years ended June 30:		
Revenues - contributions	\$ 2,080,045	\$ 51,000
Revenues - in-kind donations	89,582	379,092
Total revenue and support	2,169,627	430,092
Expenses:		
Program services:		
Clean energy future	2,123,708	344,159
Total program services	2,123,708	344,159
Supporting services:		
Management and general	89,584	60,975
Total supporting services	89,584	60,975
Total expenses	2,213,292	405,134
Change in net assets	(43,665)	24,958
Net assets with donor restrictions, beginning of year	45,466	20,508
Net assets with donor restrictions, end of year	\$ 1,801	\$ 45,466

SUPPLEMENTAL SCHEDULES

Natural Resources Defense Council, Inc.

**SUPPLEMENTAL SCHEDULE - UNCONSOLIDATED SCHEDULE OF ACTIVITIES  
(EXCLUDING NRDC ACTION FUND, INC., NRDC ACTION VOTES AND INDIA PRIVATE LIMITED)**

For the year ended June 30, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues and support</b>			
Memberships and individual contributions	\$ 81,195,545	\$ 28,192,531	\$ 109,388,076
Foundation grants	360,100	46,708,096	47,068,196
Bequests	22,640,087	240,547	22,880,634
In-kind contributions	3,064,252	-	3,064,252
Awarded attorneys fees	5,254,792	193,000	5,447,792
Allocation of endowment spending	888,657	1,328,209	2,216,866
Other revenue	743,406	-	743,406
Net assets released from restrictions	111,608,131	(111,608,131)	-
<b>Total revenues and support</b>	<b>225,754,970</b>	<b>(34,945,748)</b>	<b>190,809,222</b>
<b>Expenses</b>			
Program services:			
Clean energy future	57,752,864	-	57,752,864
International	33,465,516	-	33,465,516
Wildlife and wildlands	37,061,818	-	37,061,818
Sustainable communities	48,754,469	-	48,754,469
Membership services	3,586,470	-	3,586,470
<b>Total program services</b>	<b>180,621,137</b>	<b>-</b>	<b>180,621,137</b>
Supporting services:			
Management and general	23,183,071	-	23,183,071
Fundraising	21,707,988	-	21,707,988
Member recruitment	3,415,927	-	3,415,927
<b>Total supporting services</b>	<b>48,306,986</b>	<b>-</b>	<b>48,306,986</b>
<b>Total expenses</b>	<b>228,928,123</b>	<b>-</b>	<b>228,928,123</b>
<b>Changes in net assets from operating activities, before transfers</b>	<b>(3,173,153)</b>	<b>(34,945,748)</b>	<b>(38,118,901)</b>
Net transfer into Board-designated endowment	(31,659,784)	(800,000)	(32,459,784)
Transfer from Board-designated endowment for capital-related expenditures	549,349	-	549,349
Transfers from other reserve funds	934,150	-	934,150
<b>Changes in net assets from operating activities, after transfers</b>	<b>(33,349,438)</b>	<b>(35,745,748)</b>	<b>(69,095,186)</b>
<b>Non-operating activities</b>			
Investment gains, net of amounts appropriated for operations	22,885,780	3,260,560	26,146,340
Net transfer from operations and reserves into Board-designated endowment	31,659,784	800,000	32,459,784
Pension related activity	(1,104,173)	-	(1,104,173)
Transfer to operations from Board-designated endowment for capital-related expenditures	(549,349)	-	(549,349)
Write-off of NYC office renovation costs	(1,711,858)	-	(1,711,858)
Change in value of split-interest agreements	405,081	(6,407)	398,674
<b>Total non-operating activities</b>	<b>51,585,265</b>	<b>4,054,153</b>	<b>55,639,418</b>
<b>Changes in net assets</b>	<b>18,235,827</b>	<b>(31,691,595)</b>	<b>(13,455,768)</b>
<b>Net assets, beginning of year</b>	<b>315,592,784</b>	<b>160,386,520</b>	<b>475,979,304</b>
<b>Net assets, end of year</b>	<b>\$ 333,828,611</b>	<b>\$ 128,694,925</b>	<b>\$ 462,523,536</b>

*This schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.*

Natural Resources Defense Council, Inc.

SUPPLEMENTAL SCHEDULE - CONSOLIDATING SCHEDULE OF ACTIVITIES

For the year ended June 30, 2023

	NRDC, Inc. (standalone)	NRDC Action Fund, Inc.	NRDC India, Pvt. Ltd.	NRDC Action Votes	Subtotal	Consolidating Entries	Total
<b>Revenues and support</b>							
Memberships and individual contributions	\$ 109,388,076	\$ 14,375,558	\$ -	\$ 2,080,045	\$ 125,843,679	\$ (2,345,431)	\$ 123,498,248
Foundation grants	47,068,196	3,682,348	-	-	50,750,544	-	50,750,544
Bequests	22,880,634	60,000	-	-	22,940,634	-	22,940,634
In-kind contributions	3,064,252	49,811	-	89,582	3,203,645	-	3,203,645
Awarded attorneys fees	5,447,792	-	-	-	5,447,792	-	5,447,792
Allocation of endowment spending	2,216,866	-	-	-	2,216,866	-	2,216,866
Consulting Fees	-	-	427,067	-	427,067	(427,067)	-
Other revenue	743,406	12,785	-	-	756,191	-	756,191
<b>Total revenues and support</b>	<b>190,809,222</b>	<b>18,180,502</b>	<b>427,067</b>	<b>2,169,627</b>	<b>211,586,418</b>	<b>(2,772,498)</b>	<b>208,813,920</b>
<b>Expenses</b>							
Program services:							
Clean energy future	57,752,864	6,845,712	-	2,123,708	66,722,284	(1,101,589)	65,620,695
International	33,465,516	-	378,396	-	33,843,912	(450,227)	33,393,685
Wildlife and wildlands	37,061,818	935,138	-	-	37,996,956	(301,099)	37,695,857
Sustainable communities	48,754,469	5,631,764	-	-	54,386,233	(907,103)	53,479,130
Membership services	3,586,470	-	-	-	3,586,470	(2,480)	3,583,990
<b>Total program services</b>	<b>180,621,137</b>	<b>13,412,614</b>	<b>378,396</b>	<b>2,123,708</b>	<b>196,535,855</b>	<b>(2,762,498)</b>	<b>193,773,357</b>
Supporting services:							
Management and general	23,183,071	982,306	-	89,584	24,254,961	(10,000)	24,244,961
Fundraising	21,707,988	1,769,159	-	-	23,477,147	-	23,477,147
Member recruitment	3,415,927	-	-	-	3,415,927	-	3,415,927
<b>Total supporting services</b>	<b>48,306,986</b>	<b>2,751,465</b>	<b>-</b>	<b>89,584</b>	<b>51,148,035</b>	<b>(10,000)</b>	<b>51,138,035</b>
<b>Total expenses</b>	<b>228,928,123</b>	<b>16,164,079</b>	<b>378,396</b>	<b>2,213,292</b>	<b>247,683,890</b>	<b>(2,772,498)</b>	<b>244,911,392</b>
Changes in net assets from operating activities, before transfers	(38,118,901)	2,016,423	48,671	(43,665)	(36,097,472)	-	(36,097,472)
Net transfer into Board-designated endowment	(32,459,784)	-	-	-	(32,459,784)	-	(32,459,784)
Transfer from Board-designated endowment for capital-related expenditures	549,349	-	-	-	549,349	-	549,349
Transfers from other reserve funds	934,150	-	-	-	934,150	-	934,150
<b>Changes in net assets before non-operating activities, after transfers</b>	<b>(69,095,186)</b>	<b>2,016,423</b>	<b>48,671</b>	<b>(43,665)</b>	<b>(67,073,757)</b>	<b>-</b>	<b>(67,073,757)</b>
<b>Non-operating activities</b>							
Investment gains, net of amounts appropriated for operations	26,146,340	252,979	-	-	26,399,319	-	26,399,319
Net transfer from operations and reserves into Board-designated endowment	32,459,784	-	-	-	32,459,784	-	32,459,784
Pension-related activity	(1,104,173)	-	-	-	(1,104,173)	-	(1,104,173)
Transfer to operations from Board-designated endowment for capital-related expenditures	(549,349)	-	-	-	(549,349)	-	(549,349)
Write-off of NYC office renovation costs	(1,711,858)	-	-	-	(1,711,858)	-	(1,711,858)
Change in value of split-interest agreements	398,674	-	-	-	398,674	-	398,674
<b>Total non-operating activities</b>	<b>55,639,418</b>	<b>252,979</b>	<b>-</b>	<b>-</b>	<b>55,892,397</b>	<b>-</b>	<b>55,892,397</b>
Changes in net assets	(13,455,768)	2,269,402	48,671	(43,665)	(11,181,360)	-	(11,181,360)
<b>Net assets, beginning of year</b>	<b>475,979,304</b>	<b>13,210,090</b>	<b>-</b>	<b>45,466</b>	<b>489,234,860</b>	<b>-</b>	<b>489,234,860</b>
<b>Net assets, end of year</b>	<b>\$ 462,523,536</b>	<b>\$ 15,479,492</b>	<b>\$ 48,671</b>	<b>\$ 1,801</b>	<b>\$ 478,053,500</b>	<b>\$ -</b>	<b>\$ 478,053,500</b>

This schedule should be read in conjunction with the accompanying report of independent certified public accountants and consolidated financial statements and notes thereto.