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CARY INSTITUTE OF ECOSYSTEM STUDIES, INC.

FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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CARY INSTITUTE OF ECOSYSTEM STUDIES, INC.

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Independent Auditors' Report

To the Board of Trustees
Cary Institute of Ecosystem Studies, Inc.
Millbrook, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Cary Institute of Ecosystem Studies, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cary Institute of Ecosystem Studies, Inc., as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1, during the year ended June 30, 2020, Cary Institute of Ecosystem Studies, Inc., adopted Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2020 on our consideration of Cary Institute of Ecosystem Studies, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cary Institute of Ecosystem Studies, Inc.'s internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
October 26, 2020

CARY INSTITUTE OF ECOSYSTEM STUDIES, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 764,293	$ 1,718,427
Investments	126,815,103	128,952,002
Grants and contracts receivable	1,234,099	1,304,120
Pledges receivable	702,750	605,000
Other assets	3,200,790	297,823
Property and equipment, net	7,801,292	7,662,993
Total Assets	$ 140,518,327	$ 140,540,365
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 128,502	$ 268,043
Deferred revenue	193,597	309,855
Accrued vacation	647,960	614,628
Post-retirement benefits	574,121	545,427
Capital lease obligation	20,207	27,748
Total liabilities	1,564,387	1,765,701
Net Assets		
Without donor restrictions	36,859,778	32,920,519
With donor restrictions	102,094,162	105,854,145
Total net assets	138,953,940	138,774,664
Total Liabilities and Net Assets	$ 140,518,327	$ 140,540,365

The accompanying notes are an integral part of the financial statements

CARY INSTITUTE OF ECOSYSTEM STUDIES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Government grants and contracts	$ 5,281,369	$ -	$ 5,281,369
Private grants and contributions	1,376,100	1,423,758	2,799,858
Other income	112,141	-	112,141
Auxiliary enterprises	131,636	-	131,636
Tuition and fees	43,218	-	43,218
Investment return designated for operations	-	5,590,994	5,590,994
Net assets released from restrictions	7,333,373	(7,333,373)	-
Total operating revenues	14,277,837	(318,621)	13,959,216
Operating Expenses			
Program services:			
Science	9,028,727	-	9,028,727
Education	1,120,037	-	1,120,037
Auxiliary enterprises	384,929	-	384,929
Outreach, public programs and visitation	408,723	-	408,723
Library	267,248	-	267,248
Grounds	281,369	-	281,369
Total program services	11,491,033	-	11,491,033
Supporting services:			
Finance and administration	1,565,759	-	1,565,759
Executive management	452,864	-	452,864
Development	671,676	-	671,676
Total supporting services	2,690,299	-	2,690,299
Total operating expenses	14,181,332	-	14,181,332
Change in net assets from operations	96,505	(318,621)	(222,116)
Other Changes in Net Assets			
Investment gain, net in excess (deficiency) of amounts designated for operations	842,754	(3,441,362)	(2,598,608)
Donated property held for sale	3,000,000	-	3,000,000
Total other changes in net assets	3,842,754	(3,441,362)	401,392
Increase (Decrease) in Net Assets	3,939,259	(3,759,983)	179,276
Net Assets - Beginning of Year	32,920,519	105,854,145	138,774,664
Net Assets - End of Year	$ 36,859,778	$ 102,094,162	$ 138,953,940

The accompanying notes are an integral part of the financial statements

CARY INSTITUTE OF ECOSYSTEM STUDIES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Government grants and contracts	$ 5,335,052	$ -	$ 5,335,052
Private grants and contributions	1,994,652	1,000,958	2,995,610
Other income	148,785	-	148,785
Auxiliary enterprises	148,115	-	148,115
Tuition and fees	43,418	-	43,418
Investment return designated for operations	-	5,523,210	5,523,210
Net assets released from restrictions	7,470,263	(7,470,263)	-
Total operating revenues	15,140,285	(946,095)	14,194,190
Operating Expenses			
Program services:			
Science	9,153,932	-	9,153,932
Education	1,172,406	-	1,172,406
Auxiliary enterprises	418,730	-	418,730
Outreach, public programs and visitation	413,288	-	413,288
Library	272,963	-	272,963
Grounds	282,715	-	282,715
Total program services	11,714,034	-	11,714,034
Supporting services:			
Finance and administration	1,710,418	-	1,710,418
Executive management	359,921	-	359,921
Development	612,990	-	612,990
Total supporting services	2,683,329	-	2,683,329
Total operating expenses	14,397,363	-	14,397,363
Change in net assets from operations	742,922	(946,095)	(203,173)
Other Changes in Net Assets			
Investment gain, net in excess of amounts designated for operations	1,271,155	356,669	1,627,824
Increase (Decrease) in Net Assets	2,014,077	(589,426)	1,424,651
Net Assets - Beginning of Year	30,906,442	106,443,571	137,350,013
Net Assets - End of Year	$ 32,920,519	$ 105,854,145	$ 138,774,664

The accompanying notes are an integral part of the financial statements

CARY INSTITUTE OF ECOSYSTEM STUDIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Expenses								
Salaries	$ 4,931,603	$ 1,193,317	$ 402,785	$ 6,527,705	$ 4,979,109	$ 1,112,469	$ 366,875	$ 6,458,453
Benefits and taxes	1,637,851	426,055	151,813	2,215,719	1,579,546	386,160	125,228	2,090,934
Subcontracts	2,184,622	-	-	2,184,622	2,042,496	-	-	2,042,496
Outside services	1,204,821	114,439	30,138	1,349,398	1,143,193	194,686	19,128	1,357,007
Depreciation and amortization	534,819	23,633	5,051	563,503	529,637	23,404	5,002	558,043
Vehicle and travel expenses	306,674	9,388	3,407	319,469	363,575	12,938	8,830	385,343
Supplies	188,768	59,214	10,240	258,222	332,252	55,002	5,580	392,834
Printing and publications	138,589	1,221	10,500	150,310	173,853	1,181	10,767	185,801
Insurance	-	130,377	-	130,377	-	161,410	-	161,410
Fellowships	114,016	-	-	114,016	116,127	-	-	116,127
Occupancy	104,994	4,464	1,155	110,613	121,530	5,422	1,123	128,075
Miscellaneous	72,449	28,050	9,329	109,828	247,562	28,053	9,722	285,337
Conferences and meetings	44,913	2,003	39,144	86,060	58,178	2,249	54,052	114,479
Telephone	20,725	16,635	47	37,407	21,649	11,630	51	33,330
Postage	4,514	1,598	4,817	10,929	3,652	2,925	3,577	10,154
Accounting services	-	6,800	3,250	10,050	-	67,200	3,055	70,255
Interest and fees	1,675	-	-	1,675	1,675	-	-	1,675
Legal	-	1,429	-	1,429	-	5,610	-	5,610
Total Expenses	$ 11,491,033	$ 2,018,623	$ 671,676	$ 14,181,332	11,714,034	$ 2,070,339	$ 612,990	$ 14,397,363

The accompanying notes are an integral part of the financial statements

CARY INSTITUTE OF ECOSYSTEM STUDIES, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities		
Increase in net assets	$ 179,276	$ 1,424,651
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization	563,503	558,043
Gain on disposal of property and equipment	-	(5,236)
Donated property and equipment	(3,018,816)	(228,752)
Realized and unrealized gains on investments, net	(3,809,205)	(7,619,108)
(Increase) decrease in operating assets:		
Grants and contracts receivable	70,021	(69,715)
Pledges receivable	(97,976)	1,539,663
Other assets	115,849	12,676
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(139,541)	180,123
Deferred revenue	(116,258)	(205,987)
Accrued vacation	33,332	11,426
Post-retirement benefits	28,694	15,512
Net cash used in operating activities	(6,191,121)	(4,386,704)
Cash Flows from Investing Activities		
Proceeds from sale of investments	16,148,380	26,882,330
Purchase of investments	(10,202,276)	(21,213,752)
Purchase of property and equipment	(701,802)	(569,004)
Net cash provided by investing activities	5,244,302	5,099,574
Cash Flows from Financing Activities		
Proceeds from contributions to endowment	226	337
Payments on capital lease obligation	(7,541)	(8,222)
Net cash used in financing activities	(7,315)	(7,885)
Increase (Decrease) in Cash and Cash Equivalents	(954,134)	704,985
Cash and Cash Equivalents - Beginning of Year	1,718,427	1,013,442
Cash and Cash Equivalents - End of Year	$ 764,293	$ 1,718,427
Cash Paid During the Year for Interest	$ 1,535	$ 1,675
Noncash Investing and Financing Activities		
Property and equipment acquired with financing	$ -	$ 21,898

The accompanying notes are an integral part of the financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Cary Institute of Ecosystem Studies, Inc. (the Institute), formerly named The Institute of Ecosystem Studies, Inc., is a not-for-profit research and educational institution incorporated under the laws of the State of New York. The Institute is dedicated to the creation, dissemination and application of knowledge about ecological systems.

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendment clarifies guidance on how an entity determines whether a transfer of assets is a contribution or exchange transaction. The amendment also clarifies the determination of conditional contributions based on evaluating whether there is a right of return and a barrier to overcome. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified prospective method, in which case the effect of applying the standard would be recognized for any agreements not completed and any new agreements entered into at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2018. Management has adopted ASU 2018-08 for the year ended June 30, 2020. The amendments have been applied using the modified prospective method.

There was no cumulative effect of applying ASU 2018-08.

Basis of Accounting and Presentation

The financial statements of the Institute have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the accounts of the Institute are reported in the following net asset categories:

Net Assets Without Donor Restrictions
Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Trustees. The Board has designated a portion of net assets without donor restrictions to function as an endowment.

Net Assets With Donor Restrictions
Net assets with donor restrictions represent 1) contributions that are restricted by the donor as to purpose or time of expenditure, 2) accumulated investment gains and income on endowment investments that have not been appropriated for expenditure, and 3) resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit the Institute to expend the income earned thereon.

Measure of Operations

The Institute's measure of operations includes all operating revenues and expenses that are an integral part of its programs, including net assets released from donor restrictions to support operations. The measure of operations also includes distributions from the endowment in accordance with the Institute's endowment spending policy. The measure of operations excludes income and gains or losses on endowment that exceed or are less than the distribution determined by the spending policy, other nonendowment-related investment income and donated property held for sale.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The most significant estimates relate to the valuation of alternative investments and the post-retirement medical liability.

Cash and Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less. As of June 30, 2020 and 2019, endowed cash of $217,186 and $915,261, respectively, was included in cash and cash equivalents on the statements of financial position. The Institute maintains deposits in financial institutions that may, at times, exceed federal and other depository insurance limits. Management believes that the Institute's deposits are not subject to significant credit risk.

Investment Valuation and Income Recognition

The Institute's investment portfolio consists of a wide range of securities and investment vehicles whose purpose is to help support the cost of the Institute's operations. Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Investments in marketable equity and all debt securities are reported at market value in the statements of financial position. However, certain assets in the portfolio relate to investments in a variety of limited partnerships. These partnerships, in turn, may invest in listed and unlisted stocks, corporate bonds and other fixed income securities, as well as other limited partnerships and financial instruments that are illiquid, and may also engage in various forms of arbitrage. As a result, the market value of certain partnership investments is, of necessity, based on estimates as discussed in Note 2. These estimated values could differ significantly from values that would have been determined had there been a ready market for the underlying investments. Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Institute's gains and losses on investments bought and sold as well as held during the year. Realized and unrealized gains and losses on these investments are reported in the statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Property and Equipment

Property and equipment acquisitions and improvements thereon that exceed $5,000 are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives, which range from 4 to 35 years. Repairs and maintenance are charged to expense as incurred.

Contributions, Including Government Grants and Contracts

In accordance with ASU 2018-08, certain governmental grants and contracts received by a not-for-profit, including certain awards to fund capital expenditures, are generally considered to be contributions rather than exchange transactions since there was not commensurate value transferred between the resource provider and the Institute. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value.

The Institute reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as net assets without donor restrictions.

The Institute has been awarded approximately $8.6 million and $10.4 million in grants and contracts that have not been advanced or expended as of June 30, 2020 and 2019, respectively, and, accordingly, are not recognized in the financial statements. Government grants and contracts are conditioned on incurring qualified program expenses or meeting performance measures.

The Institute reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions on how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations about how long those assets must be maintained, the Institute reports expirations of donor restrictions when the assets are placed in service.

Contributed services are recognized in the 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. General volunteer services do not meet these criteria for recognition. However, many volunteers have donated significant amounts of time in developing the Institute’s programs, principally its educational programs.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort, usage or square footage.

Income Taxes

The Institute is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income tax under Section 501(a) of the Code; however, the Institute is subject to federal income tax on any unrelated business taxable income.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through October 26, 2020, which represents the date the financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1
Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Institute has the ability to access.

Level 2
Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3
Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value; its classification as Level 2 or 3 will be impacted by the ability to redeem the investment at net asset value at the measurement date. If there is uncertainty or the inability to redeem an investment at net asset value in the near term subsequent to the measurement date, the investment is categorized as Level 3.

Financial Instruments Measured at Fair Value

The following is a description of the valuation methodologies and investment strategies used for assets measured at fair value:

Money Market Funds
Money market funds are valued at the quoted net asset value of shares reported in the active market in which the funds are traded. The purpose of this investment is to maintain safe, highly liquid assets as opposed to generating significant yield.

Fixed Income
Fixed income is valued at the closing price reported in the active market in which the individual securities are traded. As a result, credit quality is a core emphasis of this allocation. The redemption period for these investments is daily, with no advanced notice.

Equity
Equity is valued at the closing price reported in the active market in which the individual securities are traded. This investment class seeks to provide long-term capital appreciation. Equity managers are selected with the objective of building a portfolio that is diversified by geographic region, economic sector, industry and market capitalization. The objective in selecting equity managers is to generate average annual compounded returns over the relevant broad market indices (i.e., the S&P 500, the Russell 1000, MSCI EAFE and MSCI World), net of fees, over full market cycles (5-10 years). The redemption period for these investments ranges from daily to semiannually, with 0-30 days' notice and varying lockup periods.

Alternative Assets
Interests in alternative assets are valued using net asset values as determined by the investment manager of the fund. This net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. This investment class may include both "absolute return strategies" and long/short "equity hedge" strategies. Absolute return strategies typically involve event-driven, stressed and distressed credit, and spread-based arbitrage investments. Absolute return strategies tend to be both flexible and opportunistic. They incorporate differentiated drivers of return compared to traditional investment strategies, and, as a result, they are expected to produce returns that exhibit relatively low correlation to broad market indices over longer time horizons. Equity hedge managers typically make both long and short investments and produce returns that can be expected to correlate more closely with the performance of the equity markets than would the performance of the absolute return strategies, though with lower volatility than traditional "long only" equity managers. Investments in alternative assets are generally subject to an initial lockup of 12-24 months or longer and thereafter investors can typically withdraw quarterly or annually with advance notice. The managers' underlying investments may themselves be less liquid, but the investment cycle is substantially shorter than for private equity. Over time, alternative assets should generate equity-like returns with lower volatility than equity markets.

Real Assets
Real assets are valued at the quoted net asset value of shares held by the Institute at year end or valued using net asset values as determined by the investment manager of the fund. Real asset strategies tend to be utilized to diversify portfolio risk. They incorporate differentiated drivers of return compared to traditional investment strategies, and, as a result, they are expected to produce returns that exhibit relatively low correlation to broad market indices over longer time horizons.

Hybrid
Interests in hybrid investments are valued using net asset values as determined by the investment manager of the fund. This net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. This investment class seeks to capitalize on opportunistic investments across the credit spectrum.

Private Investments
Interests in private investments are valued using net asset values as determined by the investment manager of the fund. This net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. This investment class encompasses diverse strategies including buyout/growth, venture capital and control-oriented distressed. These investments generally have 4- to 6-year investment periods and approximately 10-year fund lives. Private investments are expected to generate higher returns than public market strategies. The performance of funds raised and managed by the same team following similar strategies can vary significantly from one period to the next. Thus, investment in this asset class requires diversification across not only managers, strategies and geographies but also “vintage years.”

Investments Managed by Others
The investments managed by others are valued at the quoted fair value of the underlying assets held at year end.

There have been no changes in the methodologies used at June 30, 2020 and 2019.

The following is a summary of the source of fair value measurements for assets as of June 30, 2020 and 2019:

	2020				
		Assets Measured at Net Asset	Source of Fair Value Inputs		
Description	**June 30**	**Value (a)**	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 4,572,685	$ -	$ 4,572,685	$ -	$ -
Fixed income:					
Domestic	27,933,832	5,967,763	21,966,069	-	-
Equity:					
Global equity - managed	34,114,945	25,283,511	8,831,434	-	-
Domestic equity - managed	13,186,637	13,186,637	-	-	-
Emerging equities - managed	5,852,289	5,852,289	-	-	-
Alternative assets:					
Absolute return	14,259,964	14,259,964	-	-	-
Equity hedge	8,642,171	8,642,171	-	-	-
Real assets	3,573,077	3,573,077	-	-	-
Hybrid	3,092,030	3,092,030	-	-	-
Private investments:					
Fund of funds	10,260,193	10,260,193	-	-	-
Buyout/growth	1,292,124	1,292,124	-	-	-
Investments managed by others	35,156	-	-	35,156	-
Total Assets at Fair Value	$ 126,815,103	$ 91,409,759	$ 35,370,188	$ 35,156	$ -

Description	2019 June 30	Assets Measured at Net Asset Value (a)	Source of Fair Value Inputs Level 1	Level 2	Level 3
Money market funds	$ 5,452,807	$ -	$ 5,452,807	$ -	$ -
Fixed income:					
Domestic	27,262,414	5,500,506	21,761,908	-	-
Equity:					
Global equity - managed	34,819,841	24,705,943	10,113,898	-	-
Domestic equity - managed	13,381,702	13,381,702	-	-	-
Emerging equities - managed	6,333,303	6,333,303	-	-	-
Alternative assets:					
Absolute return	17,210,053	17,210,053	-	-	-
Equity hedge	7,409,462	7,409,462	-	-	-
Real assets	3,049,255	3,049,255	-	-	-
Hybrid	3,100,157	3,100,157	-	-	-
Private investments:					
Fund of funds	9,594,927	9,594,927	-	-	-
Buyout/growth	1,301,628	1,301,628	-	-	-
Investments managed by others	36,453	-	-	36,453	-
Total Assets at Fair Value	$ 128,952,002	$ 91,586,936	$ 37,328,613	$ 36,453	$ -

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient, which is a reasonable estimate of fair value, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

There were no transfers between levels of investments during the years ended June 30, 2020 and 2019.

Additional information regarding investments that report fair value based on net asset value per share or unit as of June 30, 2020 is as follows:

Description	Fair Value	Unfunded Commitments	Redemption Terms	Redemption Restrictions
Fixed income - domestic	$ 5,967,763	$ -	Daily	0 days' notice
Global equity - managed	25,283,511	-	Quarterly, semiannually,	30 days' notice
Domestic equity - managed	13,186,637	-	Daily	0 days' notice
Emerging equities - managed	5,852,289	-	Quarterly, annually	90 days' notice
Absolute return	14,259,964	-	Quarterly, semiannually	60-65 days' notice
Equity hedge	8,642,171	-	Monthly and every third anniversary expiring 1/1/2022 and 4/1/2022	60-180 days' notice
Real assets	3,573,077	6,660,000	Illiquid	Illiquid
Hybrid	3,092,030	773,217	Illiquid	Illiquid
Fund of funds	10,260,193	4,181,250	Illiquid	Illiquid
Buyout/growth	1,292,124	64,155	Illiquid	Illiquid
Total	$ 91,409,759	$ 11,678,622		

NOTE 3 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of the following at June 30, 2020 and 2019:

	2020	2019
Government agencies (primarily federal agencies)	$ 1,019,988	$ 1,057,932
University and other research institutions	192,478	224,555
Foundations	21,633	21,633
	$ 1,234,099	$ 1,304,120

At June 30, 2020 and 2019, grant proceeds in the amount of $181,026 and $258,898, respectively, were advanced to the Institute but not expended and, accordingly, are included in the accompanying financial statements as deferred revenue. Revenue on these grants will be recognized as expenditures are incurred.

NOTE 4 - PLEDGES RECEIVABLE

Unconditional pledges receivable as of June 30, 2020 and 2019 are expected to be collected as follows:

	2020	2019
Receivable in less than one year	$ 200,750	$ 535,000
Receivable in one to five years	502,000	70,000
	$ 702,750	$ 605,000

NOTE 5 - OTHER ASSETS

Other assets consist primarily of a residential property in Union Vale, New York, as of June 30, 2020. This property is available for sale with proceeds to benefit the Institute. The property is recorded at its appraised value of $3,000,000 which approximates fair value at June 30, 2020.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2020 and 2019:

	2020	2019
Land	$ 2,808,120	$ 2,808,120
Land improvements	1,039,289	1,039,289
Buildings	8,661,806	8,661,806
Building improvements	6,183,888	6,128,143
Equipment, furniture and fixtures	3,891,510	3,928,471
Construction in progress	564,636	10,500
	23,149,249	22,576,329
Less accumulated depreciation and amortization	15,347,957	14,913,336
Property and Equipment, Net	$ 7,801,292	$ 7,662,993

Depreciation and amortization expense was $563,503 and $558,043 for the years ended June 30, 2020 and 2019, respectively.

As of June 30, 2020 the Institute incurred costs related to building renovation of $564,636. The estimated time of completion is summer 2021 with an estimated total cost of completion of $13,000,000.

NOTE 7 - LEASE COMMITMENT

Capital Lease

The Institute entered into a capital lease for a copier expiring in July 2024. The lease agreement requires monthly principal and interest payments of $134. The Institute also entered into a postage lease agreement expiring June 2024. The lease agreement requires monthly principal and interest payments of $229. The Institute also entered into a vehicle lease agreement for four vehicles expiring April 2021. The lease agreement requires monthly principal and interest payments of $66 for each vehicle, with a payout option at the end of the lease of $57 for each vehicle.

The following is a summary of property under capital lease as of June 30, 2020 and 2019:

	2020	2019
Equipment	$ 38,337	$ 38,337
Less accumulated amortization	18,130	10,589
Net Equipment Under Capital Lease	$ 20,207	$ 27,748

Amortization expense relative to the above property is included in depreciation and amortization expense as disclosed in Note 6.

At June 30, 2020, minimum future payments under the capital leases were as follows:

Year Ending June 30	
2021	$ 7,014
2022	4,353
2023	4,353
2024	4,353
2025	134
Total	$ 20,207

NOTE 8 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Institute's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	2020	2019
Cash and cash equivalents	$ 327,443	$ 236,296
Investments	10,143,117	9,239,422
Grants and contracts receivable	1,234,099	1,304,120
Pledges receivable	200,750	535,000
Other assets	45,730	54,241
Financial assets available within one year	11,951,139	11,369,079
Board-authorized endowment draw for next fiscal year	5,674,618	5,590,994
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 17,625,757	$ 16,960,073

Liquidity Management

The Institute maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Institute invests cash in excess of weekly requirements in short-term investments. The Institute's governing board has designated a portion of its resources without donor restrictions for the endowment in the amount of $15,941,674. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. In addition to financial assets available to meet general expenditures over the next 12 months, the Institute operates with a balanced budget and anticipates collecting sufficient revenue and utilizing approved appropriation of endowment assets to cover general expenditures.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or time periods at June 30, 2020 and 2019:

	2020	2019
Endowment restricted in perpetuity	$ 80,485,832	$ 80,485,606
Accumulated gains and income on endowment assets available for appropriation by the Board of Trustees	19,269,543	22,717,209
Time restrictions:		
Future periods	88,000	105,000
Manglesdorf Trust	84,166	82,367
Purpose restrictions:		
Building Renovations	839,111	-
Science Innovation Fund	658,610	666,887
Strategic planning	340,775	290,775
Lyme disease research	108,462	939,431
Forest ecology research	104,244	130,170
Science and education initiatives	100,737	86,803
Program initiatives	14,682	14,379
Urban ecology research	-	335,518
	$ 102,094,162	$ 105,854,145

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the following purpose or time restrictions for the years ended June 30, 2020 and 2019:

	2020	2019
Board appropriations of accumulated gains and income	$ 5,590,994	$ 5,523,210
Lyme disease research	1,207,801	1,303,276
Urban ecology research	335,984	493,117
Science and education initiatives	122,087	70,534
Passage of time	37,750	35,000
Forest ecology research	25,927	13,026
Science Innovation Fund	12,830	32,100
	$ 7,333,373	$ 7,470,263

NOTE 11 - ENDOWMENT

GAAP provides accounting standards on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the New York Prudent Management of Institutional Funds Act (NYPMIFA). GAAP also provides for other disclosures concerning an organization's endowment funds whether or not the organization is subject to NYPMIFA. The State of New York introduced legislation in 2009, and NYPMIFA was enacted in 2010. The Institute's policy has always been to classify accumulated gains and income on donor-restricted endowment assets as net assets with donor restrictions until appropriated for expenditure.

The Institute's endowment consists of a board-designated fund and nine individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2020 and 2019 is as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 15,941,674	$ -	$ 15,941,674
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	80,485,832	80,485,832
The portion of perpetual endowment funds subject to a time restriction under UPMIFA	-	19,269,543	19,269,543
Total	$ 15,941,674	$ 99,755,375	$ 115,697,049

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 15,445,566	$ -	$ 15,445,566
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	80,485,606	80,485,606
The portion of perpetual endowment funds subject to a time restriction under UPMIFA	-	22,717,209	22,717,209
Total	$ 15,445,566	$ 103,202,815	$ 118,648,381

Changes in endowment net assets for the years ended June 30, 2020 and 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - June 30, 2018	$ 14,418,567	$ 102,855,849	$ 117,274,416
Investment return, net	828,027	5,869,839	6,697,866
Contributions	-	337	337
Endowment assets appropriated for expenditure	-	(5,523,210)	(5,523,210)
Additional board designation	198,972	-	198,972
Endowment net assets - June 30, 2019	15,445,566	103,202,815	118,648,381
Investment return, net	329,402	2,143,328	2,472,710
Contributions	-	226	226
Endowment assets appropriated for expenditure	-	(5,590,994)	(5,590,994)
Additional board designation	166,706	-	166,706
Endowment Net Assets - June 30, 2020	$ 15,941,674	$ 99,755,375	$ 115,697,049

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Institute to retain as a fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature that are reported in net assets with donor restrictions as of June 30, 2020 and 2019.

Return Objectives and Risk Parameters

The Institute has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Institute must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to provide sufficient liquidity, preserve capital in inflation-adjusted terms and grow capital with moderate risk. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Institute relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). The Institute targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Institute has a policy of appropriating for distribution each year 5% of the endowment fund's average fair value over the prior 20 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. The actual amount spent was $5,590,994 and $5,523,210 for the years ended June 30, 2020 and 2019, respectively. In establishing this policy, the Institute considered the long-term expected return on its endowment. The policy is consistent with the Institute's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Institute has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. During the year ended June 30, 2020, the Board appropriated an additional $5 million from the endowment without donor restrictions to support building renovations. No amounts were drawn from the additional $5 million appropriation during the year ended June 30, 2020.

NOTE 12 - PENSION AND OTHER POSTRETIREMENT BENEFITS

Retirement benefits for professional staff are provided under a defined contribution program with the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA and CREF). The Institute makes biweekly contributions to TIAA and CREF based on eligible employees' earnings. Contributions for the years ended June 30, 2020 and 2019 were $527,630 and $543,134, respectively.

The Institute participates in the Cultural Institution Retirement System (CIRS) Pension, 401(k) Savings, and Group Life and Welfare Benefits Plans. Each plan is a multiemployer plan covering employees from multiple cultural institutions and NYC daycare centers.

The CIRS pension plan (EIN number 11-2001170, Plan number 001) offers benefits related to years of service and final average salary. Eligible employees enter the plan on the first day of the month after completing 12 months of service and attainment of age 21. Participants become 100% vested after five years of service. CIRS is responsible for administering the benefits of the pension plan and investing the plan assets. For the plan years 2020 and 2019, the zone status under the Pension Reform Act is certified by the pension plan's actuary to be in the green zone and, therefore, there are no surcharges for the pension plan, and no financial improvement plan or rehabilitation plan is required. The Institute's pension expense related to this Plan was $105,793 and $117,322 for the years ended June 30, 2020 and 2019, respectively.

Eligible employees may participate in the 401(k) Savings and Group Life and Welfare Benefits Plans on the first day of the month after completing 3 months of service and attainment of age 21. The requirement for all participants to contribute at least 2% of their salary on either an after-tax basis or a pre-tax basis was eliminated as of January 1, 2017. The employer may make matching contributions to the 401(k) plan; however, as specified in the current Collective Bargaining Agreement, the match has been suspended until further notice. The Institute's expenses for the 401(k) Savings Plan, Group Life and Welfare Benefits Plans and the administrative costs for all three plans was $16,584 and $15,389 for the years ended June 30, 2020 and 2019, respectively.

In addition, the Institute has a Post-Retirement Medical Plan (the Plan) for eligible retired employees. Under the terms of the Plan, certain medical care expenses are reimbursed subject to a $1,200 limit per eligible retiree for any calendar year. Substantially all of the Institute's employees may become eligible for those benefits when they retire and reach normal retirement age. Included in accrued expenses is a postretirement medical liability of $574,121 and $545,427 for the fiscal years 2020 and 2019, respectively. For the years ended June 30, 2020 and 2019, approximately $26,673 and $27,712 of postretirement benefit expense was recognized, respectively. Payments of $13,490 and $12,200 were made to beneficiaries in fiscal years 2020 and 2019, respectively. This Plan is no longer applicable to new employees who began their employment on or after January 1, 2012.

NOTE 13 - CORONAVIRUS

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. As a result of the spread of coronavirus, economic uncertainties have arisen which have resulted in significant volatility in the investment markets.

On March 18, 2020, the Governor of New York State signed an executive order that mandated all but essential businesses to reduce their workforce density by 50% and have more employees work from home. On March 19, 2020, the density was scaled back to no more than 25% and on March 20, 2020 all nonessential businesses were closed statewide. Essential maintenance, custodial and grounds staff were able to work to ensure the safety of the buildings, the grounds and the tenants living at the Institute. The Institute applied for a waiver and received approval on April 10, 2020 to carry on essential research including Environmental monitoring, Hudson River monitoring and Tick Borne Disease field research.

The Governor introduced a phased reopening for businesses between May and June 2020. The Institute has resumed necessary onsite functions and continues to encourage staff to work from home where possible.

The duration of the uncertainties around the coronavirus and the ultimate financial effects cannot be reasonably estimated at this time.

NOTE 14 - SUBSEQUENT EVENTS

The Institute is contracted with Bacon Triangle, LLC, to lease land owned by the Institute to Bacon Triangle, LLC, for the purpose of constructing and operating a solar photovoltaic electric generating system. While construction of the panels is complete, as of the date of this report the Institute has not generated any revenues or incurred any costs as a result of this project. Management expects to begin generating related revenues and expenses during the 2021 fiscal year.