

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

NATURAL RESOURCES DEFENSE COUNCIL, INC.

As of June 30, 2016 and 2015

NATURAL RESOURCES DEFENSE COUNCIL, INC.

TABLE OF CONTENTS

	Page
Report of Independent Certified Public Accountants	1 - 2
Consolidated Financial Statements:	
Consolidated Balance Sheets as of June 30, 2016 and 2015	3
Consolidated Statement of Activities for the year ended June 30, 2016	4
Consolidated Statement of Activities for the year ended June 30, 2015	5
Consolidated Statements of Cash Flows for the years ended June 30, 2016 and 2015	6
Notes to Consolidated Financial Statements	7 - 33
Supplemental Schedules:	
Unconsolidated Schedule of Activities for the year ended June 30, 2016	35
Consolidated Schedule of Functional Expenses for the year ended June 30, 2016	36



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Natural Resources Defense Council, Inc.:

We have audited the accompanying consolidated financial statements of Natural Resources Defense Council, Inc., which include the NRDC Action Fund, Inc. and NRDC Limited (collectively, "NRDC"), which comprise the consolidated balance sheets as of June 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to NRDC's preparation and fair presentation of the consolidated 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 NRDC'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Natural Resources Defense Council, Inc., which include the NRDC Action Fund, Inc. and NRDC Limited as of June 30, 2016 and 2015, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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, 2016 and 2015 taken as a whole. The Unconsolidated Schedule of Activities and the Consolidated Schedule of Functional Expenses for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. 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 audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

New York, New York
November 23, 2016

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Consolidated Balance Sheets
As of June 30, 2016 and 2015

ASSETS	2016	2015
Cash and cash equivalents	\$ 19,935,259	\$ 31,918,695
Contributions and grants receivable, net	23,657,925	20,289,030
Prepaid expenses and other assets	6,574,412	4,407,747
Investments	193,306,052	193,259,657
Investments pertaining to deferred compensation plan	2,281,696	2,348,623
Investments in split-interest agreements	20,147,309	20,931,537
Fixed assets, net	38,925,069	36,673,685
Total assets	<u>\$ 304,827,722</u>	<u>\$ 309,828,974</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 13,946,722	\$ 14,014,799
Deferred rent	3,394,231	3,237,975
Bank revolving credit loan	7,940,650	8,304,343
Interest-rate swap agreements	3,413,223	2,595,650
Bonds payable	10,634,197	10,923,786
Obligations under deferred compensation plan	2,281,696	2,348,623
Defined benefit plan obligation	10,567,188	7,829,198
Split-interest agreements:		
Charitable gift annuities and CRUT - payable to annuitants	13,089,751	13,460,801
Pooled life income funds - deferred revenue	335,053	384,702
Total liabilities	<u>65,602,711</u>	<u>63,099,877</u>
Commitments and contingencies		
 NET ASSETS		
Unrestricted	154,361,401	160,272,507
Temporarily restricted	64,760,309	66,450,683
Permanently restricted	20,103,301	20,005,907
Total net assets	<u>239,225,011</u>	<u>246,729,097</u>
Total liabilities and net assets	<u>\$ 304,827,722</u>	<u>\$ 309,828,974</u>

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, 2016

	Unrestricted			Temporarily	Permanently	
	Operating	Designated	Total	Restricted	Restricted	Total
REVENUES						
Memberships and individual contributions	\$ 53,793,343	\$ 1,302,545	\$ 55,095,888	\$ 28,806,324	\$ 5,000	\$ 83,907,212
Foundation grants	1,197,050	-	1,197,050	37,007,628	-	38,204,678
Government grants	208,644	-	208,644	-	-	208,644
Bequests	-	7,548,232	7,548,232	1,000,000	92,394	8,640,626
In-kind contributions	4,116,643	-	4,116,643	72,849	-	4,189,492
Awarded attorneys fees	981,848	-	981,848	98,919	-	1,080,767
Investment return appropriated for operations	-	3,973,502	3,973,502	1,314,498	-	5,288,000
Investment return from operating reserves	855,227	-	855,227	-	-	855,227
Other revenue	920,226	-	920,226	-	-	920,226
Net assets released from restrictions	76,965,080	(8,443,352)	68,521,728	(68,521,728)	-	-
Total revenues	<u>139,038,061</u>	<u>4,380,927</u>	<u>143,418,988</u>	<u>(221,510)</u>	<u>97,394</u>	<u>143,294,872</u>
EXPENSES						
Program services:						
Clean energy future	59,286,781	-	59,286,781	-	-	59,286,781
Revive our oceans	6,666,110	-	6,666,110	-	-	6,666,110
Protect our health	13,635,417	-	13,635,417	-	-	13,635,417
Wildlife and wildlands	15,314,570	-	15,314,570	-	-	15,314,570
Safe and sufficient water	6,982,138	-	6,982,138	-	-	6,982,138
Sustainable communities	13,834,323	-	13,834,323	-	-	13,834,323
Membership services	3,162,880	-	3,162,880	-	-	3,162,880
Total program services	<u>118,882,219</u>	<u>-</u>	<u>118,882,219</u>	<u>-</u>	<u>-</u>	<u>118,882,219</u>
Supporting services:						
Management and general	11,080,520	-	11,080,520	-	-	11,080,520
Fundraising	6,511,546	-	6,511,546	-	-	6,511,546
Member recruitment	3,886,797	-	3,886,797	-	-	3,886,797
Total supporting services	<u>21,478,863</u>	<u>-</u>	<u>21,478,863</u>	<u>-</u>	<u>-</u>	<u>21,478,863</u>
Total expenses	<u>140,361,082</u>	<u>-</u>	<u>140,361,082</u>	<u>-</u>	<u>-</u>	<u>140,361,082</u>
Changes in net assets before non-operating activities	<u>(1,323,021)</u>	<u>4,380,927</u>	<u>3,057,906</u>	<u>(221,510)</u>	<u>97,394</u>	<u>2,933,790</u>
NON-OPERATING ACTIVITIES						
Investment loss, net of amounts appropriated for operations	(63,169)	(4,628,711)	(4,691,880)	(1,468,042)	-	(6,159,922)
Change in value of interest-rate swap agreements	-	(817,573)	(817,573)	-	-	(817,573)
Pension related activity other than net periodic pension expense	-	(2,762,051)	(2,762,051)	-	-	(2,762,051)
Change in value of split-interest agreements	8,508	(706,016)	(697,508)	(822)	-	(698,330)
Total non-operating activities	<u>(54,661)</u>	<u>(8,914,351)</u>	<u>(8,969,012)</u>	<u>(1,468,864)</u>	<u>-</u>	<u>(10,437,876)</u>
Changes in net assets	(1,377,682)	(4,533,424)	(5,911,106)	(1,690,374)	97,394	(7,504,086)
Net assets, beginning of year	<u>15,790,718</u>	<u>144,481,789</u>	<u>160,272,507</u>	<u>66,450,683</u>	<u>20,005,907</u>	<u>246,729,097</u>
Net assets, end of year	<u>\$ 14,413,036</u>	<u>\$ 139,948,365</u>	<u>\$ 154,361,401</u>	<u>\$ 64,760,309</u>	<u>\$ 20,103,301</u>	<u>\$ 239,225,011</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, 2015

	Operating	Unrestricted Designated	Total	Temporarily Restricted	Permanently Restricted	Total
REVENUES						
Memberships and individual contributions	\$ 58,966,044	\$ 7,380,426	\$ 66,346,470	\$ 34,466,611	\$ -	\$ 100,813,081
Foundation grants	572,670	50,000	622,670	30,042,239	-	30,664,909
Government grants	874,317	-	874,317	-	-	874,317
Bequests	-	6,513,517	6,513,517	24,050	-	6,537,567
In-kind contributions	4,971,985	-	4,971,985	51,993	-	5,023,978
Awarded attorneys fees	693,111	-	693,111	-	-	693,111
Investment return appropriated for operations	-	3,829,141	3,829,141	1,282,383	-	5,111,524
Investment return from operating reserves	818,197	-	818,197	-	-	818,197
Other revenue	1,023,050	-	1,023,050	-	-	1,023,050
Net assets released from restrictions	66,370,795	(5,539,787)	60,831,008	(60,831,008)	-	-
Total revenues	134,290,169	12,233,297	146,523,466	5,036,268	-	151,559,734
EXPENSES						
Program services:						
Clean energy future	53,354,785	-	53,354,785	-	-	53,354,785
Revive our oceans	9,737,769	-	9,737,769	-	-	9,737,769
Protect our health	10,547,315	-	10,547,315	-	-	10,547,315
Wildlife and wildlands	15,533,768	-	15,533,768	-	-	15,533,768
Safe and sufficient water	7,283,759	-	7,283,759	-	-	7,283,759
Sustainable communities	11,596,215	-	11,596,215	-	-	11,596,215
Membership services	3,347,670	-	3,347,670	-	-	3,347,670
Total program services	111,401,281	-	111,401,281	-	-	111,401,281
Supporting services:						
Management and general	9,865,377	-	9,865,377	-	-	9,865,377
Fundraising	6,986,357	-	6,986,357	-	-	6,986,357
Member recruitment	5,027,572	-	5,027,572	-	-	5,027,572
Total supporting services	21,879,306	-	21,879,306	-	-	21,879,306
Total expenses	133,280,587	-	133,280,587	-	-	133,280,587
Changes in net assets before non-operating activities	1,009,582	12,233,297	13,242,879	5,036,268	-	18,279,147
NON-OPERATING ACTIVITIES						
Investment return/(loss), net of amounts appropriated for operations	76,268	(957,809)	(881,541)	(525,916)	-	(1,407,457)
Change in value of interest-rate swap agreements	-	(260,844)	(260,844)	-	-	(260,844)
Pension related activity other than net periodic pension expense	-	(2,662,892)	(2,662,892)	-	-	(2,662,892)
Change in value of split-interest agreements	3,500	(355,181)	(351,681)	(150,609)	-	(502,290)
Total non-operating activities	79,768	(4,236,726)	(4,156,958)	(676,525)	-	(4,833,483)
Changes in net assets	1,089,350	7,996,571	9,085,921	4,359,743	-	13,445,664
Net assets, beginning of year	14,701,368	136,485,218	151,186,586	62,090,940	20,005,907	233,283,433
Net assets, end of year	\$ 15,790,718	\$ 144,481,789	\$ 160,272,507	\$ 66,450,683	\$ 20,005,907	\$ 246,729,097

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (7,504,086)	\$ 13,445,664
Adjustments to reconcile changes in net asset to net cash (used in) provided by operating activities:		
Depreciation and amortization	2,739,955	2,342,391
Amortization of bond issuance costs	12,015	12,015
Change in value of interest-rate swap agreements	817,573	260,844
Contributions for permanently restricted endowment	(97,394)	-
Change in provision for uncollectible contributions receivable	(109,134)	35,413
Change in discount allowance for contributions receivable	(61,152)	132,449
Net realized and unrealized depreciation (appreciation) in fair value of investments	587,171	(4,221,827)
Change in operating assets and liabilities:		
Contributions and grants receivable	(3,198,609)	(2,974,654)
Prepaid expenses and other assets	(2,178,680)	715,364
Investments pertaining to deferred compensation plan	66,927	(215,285)
Investments in and obligations under split-interest agreements	2,006,728	2,005,067
Accounts payable and accrued expenses	(401,651)	(1,042,007)
Deferred rent	156,256	259,436
Obligations under deferred compensation plan	(66,927)	215,285
Defined benefit plan obligation	<u>2,737,990</u>	<u>2,434,665</u>
Net cash (used in) provided by operating activities	<u>(4,493,018)</u>	<u>13,404,820</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(79,022,049)	(136,986,047)
Proceeds from sales of investments	78,388,483	134,579,448
Purchases of fixed assets	<u>(4,657,765)</u>	<u>(1,959,167)</u>
Net cash used in investing activities	<u>(5,291,331)</u>	<u>(4,365,766)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for permanently restricted endowment	97,394	-
Principal payments on mortgage loan payable	-	(128,643)
Repayment on revolving credit loan	(363,693)	(363,694)
Principal payment on bonds payable	(289,589)	(280,411)
Payments to beneficiaries under split-interest agreements	<u>(1,643,199)</u>	<u>(1,652,505)</u>
Net cash used in financing activities	<u>(2,199,087)</u>	<u>(2,425,253)</u>
Net (decrease) increase in cash and cash equivalents	(11,983,436)	6,613,801
Cash and cash equivalents, beginning of year	<u>31,918,695</u>	<u>25,304,894</u>
Cash and cash equivalents, end of year	<u>\$ 19,935,259</u>	<u>\$ 31,918,695</u>
Supplemental information:		
Cash paid for interest on indebtedness	<u>\$ 758,555</u>	<u>\$ 751,766</u>
Purchases of property and equipment in accounts payable	<u>\$ 519,724</u>	<u>\$ 186,150</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, 2016 and 2015

1. NATURE OF OPERATIONS

Natural Resources Defense Council, Inc. (“NRDC”) is a national nonprofit organization dedicated to protecting the world’s natural resources and ensuring a safe and healthy environment for all people. NRDC’s staff of about 560 includes lawyers, scientists, and other environmental specialists working to safeguard the Earth.

Formed in 1970, NRDC has tackled the most serious environmental threats of the past four decades - climate change, dying rivers, over-logged forests, toxins in our communities -- and emerged with innovative, enforceable solutions that continue to protect both nature and human society. In the process, NRDC has grown from a small law firm into a leading champion of the environment, wielding a potent combination of courtroom prowess, scientific expertise, policy influence, media outreach, and the grassroots energy of 2.4 million concerned members and online activists.

NRDC has offices in New York City, Washington, D.C., San Francisco, Los Angeles, Chicago and Montana, as well as in Beijing, China. NRDC is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

With the support of members, online activists and major foundations, NRDC has identified six institutional priorities with the greatest potential to protect both the environment and human health for generations to come: curb global warming by creating a clean energy future, revive our oceans, prevent pollution and remove toxics from the environment, defend endangered wild places and wildlife, ensure safe and sufficient water, and foster sustainable communities.

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-ranging from a broad set of advocacy tools to a strong presence in centers of government, finance and manufacturing to a track record of success on the international stage, including China, India, and the Americas-that allow NRDC to attack an issue from every angle. While other groups have experts in one or two areas, NRDC’s effectiveness stems from its ability to fight battles on many fronts at once. By taking a comprehensive yet focused approach, NRDC gets results.

NRDC Action Fund, Inc. (“Action Fund”) commenced operations during fiscal 1997. The Action Fund is a 501(c)(4) organization that is an affiliate of the Natural Resources Defense Council.

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

This critical work is more important than ever before. Our country’s bedrock environmental laws are under constant attack from a hostile Congress, and science-denying elected officials threaten progress in our fight against global climate change.

NRDC Limited commenced operations during fiscal 2012. NRDC Limited is incorporated in Hong Kong and is recognized as tax-exempt by its local jurisdiction; its mission is to protect wildlife and wild places and to ensure a healthy environment for all life on earth, with an emphasis on China.

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Net Assets

NRDC's consolidated financial statements distinguish between unrestricted, temporarily restricted and permanently restricted net assets based upon the existence or absence of donor-imposed restrictions, as follows:

Unrestricted net assets - include funds that have not been restricted by an outside donor and are therefore available for use in carrying out the general operations of NRDC. Unrestricted net assets may be designated for specific purposes by actions of the Board of Trustees.

Temporarily restricted net assets - 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 (see Note 11).

Permanently restricted net assets - include funds whereby donors have stipulated that the corpus contributed be invested and maintained in perpetuity. Income earned is generally available for expenditure according to donor-imposed restrictions, if any (see Note 4).

Contributions and Grants

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 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 temporarily restricted net assets 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 recognized as increases in permanently restricted net assets.

Conditional promises to give and intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially 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 categories benefitted in the period

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

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.

Investments

Investments in equity securities with readily determined fair values and all debt securities are recorded at fair value determined on the basis of quoted market prices as of the reporting date. Investments in mutual funds, which are primarily invested in publicly traded securities, are carried at fair value as determined on the basis of 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 year. Gains or losses on investments are recognized as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations.

NRDC's investment objectives are to preserve the principal value, in both absolute as well as real terms, and to maximize, over the long-term, the total rate of return earned without assuming an unreasonable degree of risk. In connection with these investment objectives, NRDC's Board of Trustees has adopted a spending policy which allows for up to 5% of the average fair value of endowment funds, calculated at December 31st of the twelve 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 2016 and 2015, the spending amounts approved totaled \$5,288,000 and \$5,111,524, respectively. For fiscal 2016 and 2015, additional special appropriations from NRDC's reserves totaled \$5,150,000 and \$2,139,702, respectively, and are included as part of net assets released from restrictions in the accompanying statements of activities.

Cash and Cash Equivalents

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

Split-Interest Agreements

NRDC holds assets under split-interest agreements consisting of pooled life income funds, charitable remainder unitrusts ("CRUT") and charitable gift annuities 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 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 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

NATURAL RESOURCES DEFENSE COUNCIL, INC.

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

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 as otherwise stipulated by the donor. Under NRDC's pooled life income funds program, the difference between the fair value of the assets when received and the revenue recognized is recorded as deferred revenue, representing the amount of the discount for future interest, 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 \$5,000 or greater with an expected useful lives longer than three years are capitalized and depreciated on a straight-line basis (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.

Measure of Operations

Included in unrestricted operating activities 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. These funds provide for the salaries and benefits for staff, costs of publications and other normal business functions such as telephone and rent.

Non-operating activities include: (1) planned giving funds, (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 and interest-rate swap agreements, (4) pension related activities other than net periodic pension expense, and (5) other items considered to be unusual or nonrecurring in nature.

Expenses

The costs of providing programs 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 programs and supporting services on the basis of salaries charged to the respective functional area.

Use of Estimates

The preparation of financial statements in conformity with US 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. Actual results could differ from those estimates. The more significant estimates include the valuation of non-exchange traded alternative investments and

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

interest-rate swap agreements, the collection of contributions receivable and actuarial assumptions related to the defined benefit pension plan and obligations due under split-interest agreements. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The following methods and assumptions are used by NRDC in estimating the fair values of the following financial instruments:

Cash, cash equivalents, receivables, other assets, accounts payable and accrued expenses and other liabilities: The carrying amounts reported on the accompanying consolidated balance sheets approximate fair value.

Long-term debt: The carrying value of NRDC's variable and fixed-rate long-term debt approximates fair value.

Interest-rate swap agreements: The fair value has been calculated based on the difference between market interest rates at the date of the agreements and interest rates in effect at the reporting date.

Obligations due under split-interest agreements: The value of obligations due under split-interest agreements is based upon actuarial assumptions utilizing the required rate of return as of the measurement date (or as of the original date of gift, as it pertains to charitable gift annuities).

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("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 include 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.
- 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.

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

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 consolidated 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 an uncertain tax position. The tax years ended June 30, 2013, 2014, 2015 and 2016 remain open to audit for both federal and state purposes. This standard had no impact on NRDC's 2016 and 2015 consolidated financial statements. NRDC does not believe its 2016 and 2015 consolidated financial statements include any material uncertain tax positions.

Concentrations of Credit Risk

Cash, cash equivalents and investments are exposed to various risks, such as interest rate, market and credit. To minimize such risks, NRDC has a diversified investment portfolio in a variety of asset classes managed by an independent investment manager. 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. 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, 2016 consolidated financial statements for subsequent events through November 23, 2016, the date the consolidated financial statements were issued. NRDC is not aware of any material subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements, except as disclosed in Note 5.

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

3. CONTRIBUTIONS AND GRANTS RECEIVABLE, NET

Contributions and grants receivable, net, at June 30, 2016 and 2015 are expected to be collected as follows:

	<u>2016</u>	<u>2015</u>
Amounts expected to be collected in:		
One year or less	\$ 16,845,556	\$ 13,944,401
Between one and five years	<u>7,350,455</u>	<u>7,053,001</u>
	24,196,011	20,997,402
Less: discount to present value		
(at rates ranging from 1.65% to 3.21%)	(203,051)	(264,203)
Less: allowance for uncollectible accounts	<u>(335,035)</u>	<u>(444,169)</u>
	<u>\$ 23,657,925</u>	<u>\$ 20,289,030</u>

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.

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:

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

NRDC's endowment consists of 55 individual funds (26 permanently restricted, 15 temporarily restricted and 14 quasi-endowments) and is an aggregation of gifts provided by donors with the requirement they be held in perpetuity to generate earnings now and in future years to support a variety of purposes, including funding its program and administrative operating costs. It also includes funds designated by NRDC's Board of Trustees to function as an endowment (quasi-endowment). Net assets associated with 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. In addition, NRDC also holds certain reserve and sinking funds that are expected to be spent down over time, exist outside of the endowment and will be used principally for program purposes. These funds are not classified as part of the quasi-endowment.

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

NRDC classifies as permanently restricted net assets: (a) the original value of gifts donated to its permanent endowment, (b) the original value of subsequent gifts to its 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 permanently restricted net assets is classified as temporarily restricted net assets until such amounts can be prudently appropriated for expenditure, consistent with donor stipulations and the standard of procedure prescribed by NYPMIFA.

Endowment net asset composition by type of fund as of June 30, 2016 and 2015 is as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ -	\$ 8,264,044	\$ 20,103,301	\$ 28,367,345
Board-designated funds	<u>127,278,301</u>	<u>-</u>	<u>-</u>	<u>127,278,301</u>
	<u>\$ 127,278,301</u>	<u>\$ 8,264,044</u>	<u>\$ 20,103,301</u>	<u>\$ 155,645,646</u>
	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ -	\$ 8,729,435	\$ 20,005,907	\$ 28,735,342
Board-designated funds	<u>124,332,934</u>	<u>-</u>	<u>-</u>	<u>124,332,934</u>
	<u>\$ 124,332,934</u>	<u>\$ 8,729,435</u>	<u>\$ 20,005,907</u>	<u>\$ 153,068,276</u>

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 US GAAP, such amounts are charged to unrestricted net assets. Subsequent investment earnings on such funds which restore the fair value of individual endowment funds back to their original corpus value on the amount required to be maintained by law are reported in unrestricted net assets, with earnings in excess of this amount reported in temporarily restricted net assets. As of June 30, 2016 and 2015, there were no endowment funds below their historical dollar value.

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

Changes in endowment net assets for the years ended June 30, 2016 and 2015 are as follows:

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 124,332,934	\$ 8,729,435	\$ 20,005,907	\$ 153,068,276
Investment return (loss):				
Dividends and interest	1,052,054	222,109	-	1,274,163
Investment fees and expenses	(1,171,507)	(236,775)	-	(1,408,282)
Net realized and unrealized loss	(616,851)	(142,757)	-	(759,608)
Total investment loss	(736,304)	(157,423)	-	(893,727)
Contributions	7,548,538	1,006,530	97,394	8,652,462
Terminations of planned giving arrangements	106,635	-	-	106,635
Appropriation of endowment net assets for expenditure - spending policy	(3,973,502)	(1,314,498)	-	(5,288,000)
Endowment net assets, end of year	<u>\$ 127,278,301</u>	<u>\$ 8,264,044</u>	<u>\$ 20,103,301</u>	<u>\$ 155,645,646</u>

Contributions of \$8,652,462 in the 2016 table above, include bequest receivables of \$1,957,008.

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 117,893,833	\$ 9,255,351	\$ 20,005,907	\$ 147,155,091
Investment return:				
Dividends and interest	715,078	164,150	-	879,228
Investment fees and expenses	(1,211,359)	(261,897)	-	(1,473,256)
Net realized and unrealized gains	3,879,355	854,214	-	4,733,569
Total investment return	3,383,074	756,467	-	4,139,541
Contributions	6,513,517	-	-	6,513,517
Terminations of planned giving arrangements	371,651	-	-	371,651
Appropriation of endowment net assets for expenditure - spending policy	(3,829,141)	(1,282,383)	-	(5,111,524)
Endowment net assets, end of year	<u>\$ 124,332,934</u>	<u>\$ 8,729,435</u>	<u>\$ 20,005,907</u>	<u>\$ 153,068,276</u>

Contributions of \$6,513,517 in the 2015 table above, include bequest receivables of \$382,461.

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

5. INVESTMENTS

As of June 30, 2016 and 2015, NRDC's investments, at fair value, consist of the following:

	2016		
	Level 1	Net Asset Value (a)	Total
Endowment:			
Money market funds	\$ 3,657,128	\$ -	\$ 3,657,128
Equity mutual funds	34,483,403	-	34,483,403
Fixed income mutual funds	16,349,732	-	16,349,732
Corporate bonds	10,797,485	-	10,797,485
Common stocks	5,397,640	-	5,397,640
Developed ex-Fossil Fuels Index fund	-	42,274,922	42,274,922
Venture capital	-	44,108	44,108
Hedge funds	-	40,049,938	40,049,938
Private equities	-	2,591,273	2,591,273
	<u>70,685,388</u>	<u>84,960,241</u>	<u>155,645,629</u>
Reserves, special funds and other:			
Money market funds	585,651	-	585,651
U.S. government obligations	1,400,334	-	1,400,334
Corporate bonds	19,461,461	-	19,461,461
Equity mutual funds	16,212,977	-	16,212,977
	<u>37,660,423</u>	<u>-</u>	<u>37,660,423</u>
Total investments	<u>\$ 108,345,811</u>	<u>\$ 84,960,241</u>	<u>\$ 193,306,052</u>
2015			
	Level 1	Net Asset Value (a)	Total
Endowment:			
Money market funds	\$ 3,602,794	\$ -	\$ 3,602,794
Equity mutual funds	4,279,970	-	4,279,970
Fixed income mutual funds	15,714,616	-	15,714,616
Corporate bonds	10,289,106	-	10,289,106
Common stocks	5,754,142	-	5,754,142
Developed ex-Fossil Fuels Index fund	-	67,806,351	67,806,351
Venture capital	-	64,758	64,758
Hedge funds	-	38,170,072	38,170,072
Private equities	-	6,624,564	6,624,564
	<u>39,640,628</u>	<u>112,665,745</u>	<u>152,306,373</u>
Reserves, special funds and other:			
Money market funds	159,733	-	159,733
U.S. government obligations	2,517,416	-	2,517,416
Corporate bonds	38,276,135	-	38,276,135
	<u>40,953,284</u>	<u>-</u>	<u>40,953,284</u>
Total investments	<u>\$ 80,593,912</u>	<u>\$ 112,665,745</u>	<u>\$ 193,259,657</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.

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

NRDC uses, as a practical expedient, for fair value a reported NAV per share or its equivalent for purposes of valuing certain alternative investments within its investment portfolio as of June 30, 2016 and 2015, as detailed below.

2016							
Alternative Investment Type	Alternative Investment Strategy	Number of Funds	NAV in Funds	Remaining Life	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Developed ex-fossil fuels index fund	Seeks to track the FTSE Developed ex-Korea ex-Fossil Fuel Net Tax Index.	1	\$ 42,274,922	NA	\$ -	Daily redemption with 2 days notice	None
Venture capital	Equity in environmental consulting services.	1	44,108	NA	62,500	No liquidity	No liquidity
Hedge funds	Engages in multiple strategies, including domestic and global credit and event driven investing, futures and forwards.	4	40,049,938	NA	-	2 funds quarterly, 1 fund annual, and 1 fund monthly	2 funds have 25% gates, 1 fund has 20% gates
Private equities	Private equity with a focus on renewables and alternative energy.	3	2,591,273	2 funds with 2 years remaining, 1 fund with 3 years remaining	355,825	No liquidity	No liquidity
Total		<u>9</u>	<u>\$ 84,960,241</u>		<u>\$ 418,325</u>		

2015							
Alternative Investment Type	Alternative Investment Strategy	Number of Funds	NAV in Funds	Remaining Life	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions
Developed ex-fossil fuels index fund	Seeks to track the FTSE Developed ex-Korea ex-Fossil Fuel Net Tax Index.	1	\$ 67,806,351	NA	\$ -	Daily redemption with 2 days notice	None
Venture capital	Equity in environmental consulting services.	1	64,758	NA	62,500	No liquidity	No liquidity
Hedge funds	Engages in multiple strategies, including domestic and global credit and event driven investing, futures and forwards.	4	38,170,072	NA	-	2 funds quarterly, 1 fund annual, and 1 fund monthly	2 funds have 25% gates, 1 fund has 20% gates
Private equities	Private equity with a focus on renewables and alternative energy.	4	6,624,564	3 funds with 3 years remaining, 1 fund with 4 years remaining	1,698,182	No liquidity	No liquidity
Total		<u>10</u>	<u>\$ 112,665,745</u>		<u>\$ 1,760,682</u>		

In October 2016, NRDC redeemed its entire investment in the Developed ex-Fossil Fuels Index Fund for approximately \$43.8 million. Of the proceeds, \$35 million was invested in three (3) fossil fuel reserves free exchange traded funds and the remainder was held in a money market account.

NRDC has committed to investing additional amounts with certain private equity and venture capital funds. As of June 30, 2016, NRDC had a remaining commitment to invest an additional \$418,325. Such commitments are expected to be fulfilled by fiscal 2018.

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

Investment return for the years ended June 30, 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
Dividends and interest	\$ 2,129,390	\$ 1,783,788
Investment fees and expenses	(1,495,744)	(1,559,622)
Realized and unrealized (loss) gains	<u>(587,171)</u>	<u>4,221,827</u>
Total return on investments	<u>\$ 46,475</u>	<u>\$ 4,445,993</u>

The above table excludes charitable gift annuity investment return/(loss) amounting to (\$37,279) for the year ended June 30, 2016 and \$284,579 for the year ended June 30, 2015, which is included in change in value of split-interest agreements on the accompanying consolidated statements of activities.

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 the death of the donor or the donor's designee(s)) at which time the remaining assets 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, 2016 and 2015 were 1.8% and 2.0%, respectively. Discount rates used to value the charitable gift annuity split-interest agreements ranged from 1.2% to 11.6% for both fiscal 2016 and 2015. 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 at June 30, 2016 and 2015:

	<u>2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Obligations due under charitable remainder trusts	\$ -	\$ 330,624	\$ -	\$ 330,624
Obligations due under pooled life income funds	-	335,053	-	335,053
	<u>\$ -</u>	<u>\$ 665,677</u>	<u>\$ -</u>	<u>\$ 665,677</u>
	<u>2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Obligations due under charitable remainder trusts	\$ -	\$ 348,627	\$ -	\$ 348,627
Obligations due under pooled life income funds	-	384,702	-	384,702
	<u>\$ -</u>	<u>\$ 733,329</u>	<u>\$ -</u>	<u>\$ 733,329</u>

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

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

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, 2016:

	2016			
	Level 1	Level 2	Net Asset Value (a)	Total
Charitable gift annuities:				
Cash and cash equivalents	\$ 133,021	\$ -	\$ -	\$ 133,021
U.S. government and agency debt obligations	4,820,335	2,249,900	-	7,070,235
Corporate and other debt obligations	-	2,367,482	-	2,367,482
Common trust funds	-	-	8,521,495	8,521,495
Total	<u>4,953,356</u>	<u>4,617,382</u>	<u>8,521,495</u>	<u>18,092,233</u>
Charitable remainder trusts:				
Cash and cash equivalents	24,616	-	-	24,616
S&P index fund	66,687	-	-	66,687
U.S. treasury securities	-	75,850	-	75,850
Exchange traded fund	45,236	-	-	45,236
Equity mutual funds	310,237	-	-	310,237
Charitable bond common trust fund	-	-	78,431	78,431
Total	<u>446,776</u>	<u>75,850</u>	<u>78,431</u>	<u>601,057</u>
Pooled life income funds:				
Cash equivalents	6,816	-	-	6,816
Exchange traded fund	1,447,203	-	-	1,447,203
Total	<u>1,454,019</u>	<u>-</u>	<u>-</u>	<u>1,454,019</u>
Total investments	<u>\$ 6,854,151</u>	<u>\$ 4,693,232</u>	<u>\$ 8,599,926</u>	<u>\$ 20,147,309</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
June 30, 2016 and 2015

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, 2015:

	2015			
	Level 1	Level 2	Net Asset Value (a)	Total
Charitable gift annuities:				
Cash and cash equivalents	\$ 95,554	\$ -	\$ -	\$ 95,554
U.S. government and agency debt obligations	2,998,653	3,904,746	-	6,903,399
Corporate and other debt obligations	-	2,934,469	-	2,934,469
Common trust funds	-	-	8,748,293	8,748,293
Total	<u>3,094,207</u>	<u>6,839,215</u>	<u>8,748,293</u>	<u>18,681,715</u>
Charitable remainder trusts:				
Cash and cash equivalents	42,429	-	-	42,429
Exchange traded fund	51,591	-	-	51,591
S&P index funds	73,859	-	-	73,859
U.S. treasury securities	-	69,658	-	69,658
Equity mutual funds	446,666	-	-	446,666
Charitable bond common trust fund	-	-	86,104	86,104
Total	<u>614,545</u>	<u>69,658</u>	<u>86,104</u>	<u>770,307</u>
Pooled life income funds:				
Cash equivalents	26	-	-	26
Exchange traded fund	1,479,489	-	-	1,479,489
Total	<u>1,479,515</u>	<u>-</u>	<u>-</u>	<u>1,479,515</u>
Total investments	<u>\$ 5,188,267</u>	<u>\$ 6,908,873</u>	<u>\$ 8,834,397</u>	<u>\$ 20,931,537</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
June 30, 2016 and 2015

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, 2016 and 2015, as detailed below:

2016							
Alternative Investment	Alternative 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	\$ 78,431	N/A	\$ -	Monthly	None
Common Trust Fund: EAFE Index CTF - ECTF	Approximates overall performance of the MSCI EAFE Index	1	2,172,831	N/A	-	Monthly	None
Common Trust Fund: Non Lend Emerging Markets MSCI Non Lending Fund	Approximates overall performance of the MSCI Emerging Markets Index	1	1,116,200	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	5,232,464	N/A	-	Daily	None
		<u>4</u>	<u>\$ 8,599,926</u>		<u>\$ -</u>		
2015							
Alternative Investment	Alternative 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	\$ 86,104	N/A	\$ -	Monthly	None
Common Trust Fund: EAFE Index CTF - ECTF	Approximates overall performance of the MSCI EAFE Index	1	2,419,944	N/A	-	Monthly	None
Common Trust Fund: Non Lend Emerging Markets MSCI Non Lending Fund	Approximates overall performance of the MSCI Emerging Markets Index	1	1,152,742	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	5,175,607	N/A	-	Daily	None
		<u>4</u>	<u>\$ 8,834,397</u>		<u>\$ -</u>		

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

The following tables summarize the changes in split-interest agreement liabilities for the years ended June 30, 2016 and 2015:

	2016		2015	
	Charitable Gift Annuities and Charitable		Charitable Gift Annuities and Charitable	
	Pooled Life Income Fund	Pooled Life Income Fund	Pooled Life Income Fund	Pooled Life Income Fund
	Remainder Trusts	Income Fund	Remainder Trusts	Income Fund
Beginning of the year	\$ 13,460,801	\$ 384,702	\$ 13,427,760	\$ 461,591
New agreements	600,167	-	877,671	-
Payments to annuitants	(1,592,316)	(50,883)	(1,601,801)	(50,704)
Change in value due to actuarial valuations	841,336	(52,137)	737,866	5,112
Investment income (loss)	-	62,536	-	(21,470)
Fees	-	(9,165)	-	(9,827)
Other, charitable remainder trusts activity	(220,237)	-	19,305	-
End of the year	<u>\$ 13,089,751</u>	<u>\$ 335,053</u>	<u>\$ 13,460,801</u>	<u>\$ 384,702</u>

7. FIXED ASSETS, NET

Fixed assets, net, consist of the following at June 30, 2016 and 2015:

	2016	2015
Buildings and improvements	\$ 46,264,685	\$ 46,171,669
Furniture and equipment	6,470,909	5,535,198
Computer and software	3,983,198	2,733,470
Leasehold improvements	<u>1,076,108</u>	<u>845,953</u>
	57,794,900	55,286,290
Less: accumulated depreciation and amortization	<u>(22,049,992)</u>	<u>(19,310,037)</u>
	35,744,908	35,976,253
Work-in-progress	<u>3,180,161</u>	<u>697,432</u>
	<u>\$ 38,925,069</u>	<u>\$ 36,673,685</u>

Work-in-progress principally represents costs incurred for renovations in the New York and San Francisco offices, and energy improvements.

Depreciation and amortization expense for the years ended June 30, 2016 and 2015 totaled \$2,739,955 and \$2,342,391, respectively.

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

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, 2016 and 2015 and related actuarial assumptions and other information for the years then ended:

	<u>2016</u>	<u>2015</u>
Change in benefit obligation:		
Projected benefit obligation, beginning of year	\$ 23,799,841	\$ 21,405,078
Interest cost	972,232	844,029
Assumption change	2,426,403	1,859,833
Actuarial gain	190,570	382,426
Benefits paid	<u>(821,419)</u>	<u>(691,525)</u>
Projected benefit obligation, end of year	<u>26,567,627</u>	<u>23,799,841</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	15,970,643	16,010,545
Actual loss on assets	(148,785)	(198,377)
Employer contributions	1,000,000	850,000
Benefits paid	<u>(821,419)</u>	<u>(691,525)</u>
Fair value of plan assets, end of year	<u>16,000,439</u>	<u>15,970,643</u>
Funded status	<u>\$ (10,567,188)</u>	<u>\$ (7,829,198)</u>
Accumulated benefit obligation	<u>\$ 26,567,627</u>	<u>\$ 23,799,841</u>
Accumulated net loss recognized in net assets	<u>\$ 14,252,348</u>	<u>\$ 11,490,297</u>
Components of net periodic pension cost:		
Interest cost	\$ 972,232	\$ 844,029
Expected return on assets	(931,643)	(938,198)
Amortization of actuarial loss	<u>935,350</u>	<u>715,942</u>
Net periodic pension cost	<u>\$ 975,939</u>	<u>\$ 621,773</u>
Other changes recognized in unrestricted net assets:		
Actuarial loss	\$ 3,697,401	\$ 3,378,834
Amortization of actuarial loss	<u>(935,350)</u>	<u>(715,942)</u>
Pension related-activity other than net periodic pension cost	<u>\$ 2,762,051</u>	<u>\$ 2,662,892</u>

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

The amount reflected above as assumption change, which served to increase the fiscal 2016 benefit obligation by \$2,426,403, is primarily due to decrease in the discount rate (4.17% to 3.28%) commensurate with lower long-term interest rates.

Weighted-average assumptions used to determine benefit obligations at June 30, 2016 and 2015 follow:

	<u>2016</u>	<u>2015</u>
Discount rate	3.28%	4.17%
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine net periodic pension cost for the years ended June 30, 2016 and 2015 follow:

	<u>2016</u>	<u>2015</u>
Discount rate	4.17%	4.02%
Expected return on plan assets	6.00%	6.00%
Rate of compensation increase	N/A	N/A

Benefit payments are expected to be paid as follows:

<u>Year ending June 30th:</u>	<u>Amount</u>
2017	\$ 1,095,490
2018	1,138,040
2019	1,260,300
2020	1,344,333
2021	1,366,860
2022-2026	<u>7,065,115</u>
	<u>\$ 13,270,138</u>

NRDC expects to contribute approximately \$1,000,000 to the Plan during fiscal 2017.

The estimated actuarial loss that will be amortized into net periodic pension cost during fiscal 2017 is \$1,225,749.

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 maintain a diversified investment portfolio across several asset classes. To develop the expected long-term rate of

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

return on assets assumption, NRDC considered the historical returns and the future expectations for returns for each 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 debt securities, domestic and international equities, other investments and cash and cash equivalents.

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, 2016 and 2015:

	2016		
	Level 1	Net Asset Value (a)	Total
U.S. equity funds	\$ 686,648	\$ 2,339,548	\$ 3,026,196
Fixed income funds	1,969,215	5,717,270	7,686,485
Short-term money market fund	-	1,017,860	1,017,860
International equity funds	-	1,593,198	1,593,198
Emerging markets equity funds	-	690,447	690,447
Real estate fund	-	853,151	853,151
Hedge fund	-	1,126,708	1,126,708
Private equity	-	6,317	6,317
	<u>\$ 2,655,863</u>	<u>\$ 13,344,499</u>	<u>16,000,362</u>
Cash			77
Total pension plan investments			<u>\$ 16,000,439</u>

	2015		
	Level 1	Net Asset Value (a)	Total
U.S. equity funds	\$ 668,936	\$ 3,740,704	\$ 4,409,640
Fixed income funds	1,698,423	5,283,268	6,981,691
Short-term money market fund	-	308,140	308,140
International equity funds	-	1,730,006	1,730,006
Emerging markets equity funds	-	693,834	693,834
Real estate fund	-	865,867	865,867
Hedge fund	-	961,475	961,475
Private equity	-	19,955	19,955
	<u>\$ 2,367,359</u>	<u>\$ 13,603,249</u>	<u>15,970,608</u>
Cash			35
Total pension plan investments			<u>\$ 15,970,643</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
June 30, 2016 and 2015

The percentages of the fair value of total plan assets by asset category are as follows at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	6 %	2 %
Equity	33	43
Fixed income	48	44
Other	<u>13</u>	<u>11</u>
	<u>100 %</u>	<u>100 %</u>

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 the Plan's investment portfolio as of June 30, 2016 and 2015, as detailed below:

<u>2016</u>							
<u>Alternative Investment Type</u>	<u>Alternative Investment Strategy</u>	<u>Number of Funds</u>	<u>NAV in Funds</u>	<u>Remaining Life</u>	<u>Amount of Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
Short-term money market fund	Seeks to maximize current income on cash reserves	1	\$ 1,017,860	N/A	\$ -	Daily	None
International equity funds	Invests in non-U.S. markets directly, through funds or approximating MSCI ACWI ex-US index	2	1,593,198	N/A	-	Daily	None
Emerging markets equity funds	Approximates overall performance of the MSCI Emerging Markets Equity Index	1	690,447	N/A	-	Daily	None
U.S. equity funds	Invests in U.S. equity markets directly, through funds, indexes, and hedging long and short-sale positions	3	2,339,548	N/A	-	Daily to quarterly	None
Fixed income funds	Approximates overall performance of the Barclay's Capital U.S. 1-5 Year Credit Bond Index and Capital Aggregate Bond Index	2	5,717,270	N/A	-	Daily	None
Real estate fund	Approximates overall performance of the Financial Time Stock Exchange, European Public Realtors Association, National Association of Real Estate Investment Trusts, and Global Real Estate Index	1	853,151	N/A	-	Daily	None
Hedge fund	Invests in diversified alternative investment strategies	1	1,126,708	N/A	-	No liquidity	No liquidity
Private equity	Private equity with focus on renewable and alternative energy	<u>1</u>	<u>6,317</u>	N/A	<u>14,720</u>	No liquidity	No liquidity
		<u>12</u>	<u>\$ 13,344,499</u>		<u>\$ 14,720</u>		

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

		2015						
Alternative Investment Type	Alternative Investment Strategy	Number of Funds	NAV in Funds	Remaining Life	Amount of Unfunded Commitments	Redemption Terms	Redemption Restrictions	
Short-term money market fund	Seeks to maximize current income on cash reserves	1	\$ 308,140	N/A	\$ -	Daily	None	
International equity funds	Invests in non-U.S. markets directly, through funds or approximating MSCI ACWI ex-US index	2	1,730,006	N/A	-	Daily	None	
Emerging markets equity funds	Approximates overall performance of the MSCI Emerging Markets Equity Index	2	693,834	N/A	-	Daily	None	
U.S. equity funds	Invests in U.S. equity markets directly, through funds, indexes, and hedging long and short-sale positions	5	3,740,704	N/A	-	Daily to quarterly	None	
Fixed income funds	Approximates overall performance of the Barclay's Capital U.S. 1-5 Year Credit Bond Index and Capital Aggregate Bond Index	2	5,283,268	N/A	-	Daily	None	
Real estate fund	Approximates overall performance of the Financial Time Stock Exchange, European Public Realtors Association, National Association of Real Estate Investment Trusts, and Global Real Estate Index	1	865,867	N/A	-	Daily	None	
Hedge fund	Invests in diversified alternative investment strategies	1	961,475	N/A	-	No liquidity	No liquidity	
Private equity	Private equity with focus on renewable and alternative energy	1	19,955	N/A	15,790	No liquidity	No liquidity	
		<u>15</u>	<u>\$ 13,603,249</u>		<u>\$ 15,790</u>			

The Plan had previously committed to investing \$1,000,000 with a private equity fund. As of June 30, 2016, NRDC has invested \$985,280 of such amounts and had a remaining commitment to invest an additional \$14,720.

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 \$3,969,589 and \$3,889,970 for the years ended June 30, 2016 and 2015, 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

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

requirements) can defer compensation up to the maximum dollar amount under Section 457(e)(15) of the Internal Revenue Code of 1986, as amended. As of June 30, 2016 and 2015, NRDC's obligations under the 457(b) plan totaled \$2,281,696 and \$2,348,623, respectively, and are reported separately as 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, 2016 and 2015, NRDC's investments pertaining to its deferred compensation plan consists of the following investments, all of which are categorized as Level 1 within the fair value hierarchy.

	<u>2016</u>	<u>2015</u>
Fixed income mutual funds	\$ 892,013	\$ 851,908
Equity mutual funds	576,223	1,052,482
Blended mutual funds	<u>813,460</u>	<u>444,233</u>
	<u>\$ 2,281,696</u>	<u>\$ 2,348,623</u>

9. DEBT OBLIGATIONS

Bank Revolving Credit Loan

NRDC has a 10-year unsecured term loan due July 2018. At June 30, 2016 and 2015, borrowings bore interest at a rate of 0.81% and 0.53%, respectively, which is calculated using the 1-month London Interbank Offered Rate ("LIBOR") plus an applicable margin of 0.35%. At June 30, 2016 and 2015, NRDC had a balance of \$7,940,650 and \$8,304,343, respectively, due under the term loan.

Bonds Payable

During fiscal 2008, NRDC and Build NYC Capital Resource Corporation (formerly known as New York City Capital Resource Corporation, a local development corporation) created pursuant to the Not-for-Profit Corporation Law of the State of New York, entered into an agreement to issue \$12,730,000 of variable rate demand revenue bonds to refinance a portion of NRDC's taxable debt and to provide funding for the renovation of 53,500 square feet of its main office building at 40 West 20th Street, New York, New York.

Bonds payable consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
New York City Capital Resource Corporation Variable Rate Demand Revenue Bonds Series 2008A dated January 24, 2008 due serially on March 31st from 2008 through 2038	<u>\$ 10,634,197</u>	<u>\$ 10,923,786</u>

Pursuant to the terms of the bond indenture, NRDC is subject to certain covenants which include covenants not to create, incur, assume, or suffer to exist any liens, indebtedness other than specified in the Bond Documents, make or commit to make any investments except specified in the Bond Documents, assume, or guarantee of indebtedness of another person, mergers, sales of assets, other than those in the normal course of business, change the nature of its operations, change its fiscal year, without express consent and written notice, and make any restricted payments in contravention of applicable law including, without limitation, the New York Not-for-Profit Corporation Law of the State of New York. NRDC was compliant with all such covenants (including financial covenants) at June 30, 2016.

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

Scheduled annual principal payments are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2017	\$ 305,000
2018	315,000
2019	330,000
2020	340,000
2021	360,000
Thereafter	8,984,197
	<u>\$ 10,634,197</u>

Interest expense totaling \$758,555 and \$751,766 for the years ended June 30, 2016 and 2015, respectively, has been allocated to program and supporting services on the accompanying consolidated statements of activities. NRDC incurred \$360,472 of bond issuance costs in 2008 which have been capitalized and are being amortized over 30 years and are included in prepaid expenses and other assets on the accompanying consolidated balance sheets. At June 30, 2016 and 2015, \$258,516 and \$270,531, respectively, remains unamortized.

Interest-Rate Swap Agreements

During fiscal 2008, NRDC entered into two interest-rate swap agreements to effectively convert its \$10,910,816 variable-rate borrowings to a fixed rate of 4.025% through 2018 and its \$12,730,000 variable rate demand revenue bonds to a fixed rate of 3.639% through 2038. The swap notionals amortize at the same rate as the related debt principal.

2016

<u>Counterparty</u>	<u>Issue Date</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Remaining Notional Amount</u>	<u>Swap Fixed Rate</u>	<u>Fair Value of Swaps at June 30, 2016</u>
Bank of America, N.A.	01/17/08	01/24/08	03/01/2038	\$ 10,720,000	3.639%	\$ (2,926,790)
Bank of America, N.A.	04/14/08	04/30/08	04/30/2018	\$ 7,940,650	4.025%	(486,433)
						<u>\$ (3,413,223)</u>

2015

<u>Counterparty</u>	<u>Issue Date</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Remaining Notional Amount</u>	<u>Swap Fixed Rate</u>	<u>Fair Value of Swaps at June 30, 2015</u>
Bank of America, N.A.	01/17/08	01/24/08	03/01/2038	\$ 11,010,000	3.639%	\$ (1,933,583)
Bank of America, N.A.	04/14/08	04/30/08	04/30/2018	\$ 8,304,343	4.025%	(662,067)
						<u>\$ (2,595,650)</u>

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

Fair Value at June 30, 2016	Fair Value at June 30, 2015	Consolidated Balance Sheet Location	Loss on Interest- Rate Swap Agreements		Consolidated Statement of Activities Location	Level within Fair Value Hierarchy
			June 30, 2016	June 30, 2015		
		Interest-Rate Swap agreements (Liabilities)	\$ (817,573)	\$ (260,844)	Change in value of interest- rate swap agreements (non-operating activities)	Level II
\$ (3,413,223)	\$ (2,595,650)					

Interest rate volatility, remaining outstanding principal and time to maturity will affect each swap's fair value at subsequent reporting dates. To the extent NRDC holds a swap through its expiration date, the swap's fair value will be equal to zero.

10. COMMITMENTS AND CONTINGENCIES

Lease Obligations and Rental Income

At June 30, 2016, future minimum rentals pursuant to the Washington, D.C., San Francisco, Chicago and Beijing non-cancellable office lease agreements and other operating space and equipment leases are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2017	\$ 3,012,178
2018	3,445,580
2019	3,410,936
2020	3,157,887
2021	3,150,392
Thereafter	<u>26,754,686</u>
	<u>\$ 42,931,659</u>

In addition to the future minimum rentals, NRDC is also obligated for escalations, to be determined annually, as set forth in the respective lease agreements. Total rent expense for the years ended June 30, 2016 and 2015 totaled \$3,938,565 and \$3,534,968, respectively.

NRDC has rented a portion of its available office space in New York to an unrelated party. Pursuant to the terms of the executed lease agreement, monthly rentals approximate \$67,300 and extend through May 31, 2018, with an additional average charge for utilities of \$3,800 monthly.

NRDC is a defendant in various lawsuits. Management of NRDC is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on NRDC's consolidated financial statements.

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

11. NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Specific environmental programs	\$ 53,527,856	\$ 53,414,772
NRDC Action Fund, Inc.	2,730,830	3,065,425
Awaiting appropriation for program activities	7,261,393	8,729,435
Restricted only as to the passage of time	1,240,230	1,241,051
	<u>\$ 64,760,309</u>	<u>\$ 66,450,683</u>

Net assets of \$68,521,728 and \$60,831,008 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, 2016 and 2015, respectively. The details of the net assets released from restrictions are as follows:

	<u>2016</u>	<u>2015</u>
Memberships and individual contributions - programs	\$ 31,159,464	\$ 31,993,423
Foundations	30,950,452	24,382,494
NRDC Action Fund, Inc.	3,307,927	2,089,608
NRDC Limited	864,104	631,578
Investment return appropriated for program services	1,994,648	1,711,438
Events	45,849	-
Other	199,284	22,467
	<u>\$ 68,521,728</u>	<u>\$ 60,831,008</u>

Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2016 and 2015 consist of endowment funds, the investment return from which is restricted for specific purposes and is recorded as part of temporarily restricted net assets until appropriated for expenditure by NRDC's Board of Trustees.

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

12. IN-KIND CONTRIBUTIONS

During fiscal 2016 and 2015, NRDC received donated legal, consulting, and other services and goods at fair value as follows:

	<u>2016</u>	<u>2015</u>
Legal services	\$ 3,724,812	\$ 4,428,138
Consulting services	15,000	17,961
Goods and other services	<u>449,680</u>	<u>577,879</u>
	<u>\$ 4,189,492</u>	<u>\$ 5,023,978</u>

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

13. JOINT COSTS

NRDC relies on a robust direct mail program to recruit and maintain the 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 on the accompanying statements of activities.

During the years ended June 30, 2016 and 2015, NRDC allocated joint costs for such informational materials and activities as follows:

	<u>2016</u>	<u>2015</u>
Revive our oceans	\$ 324,188	\$ 3,104,002
Wildlife and wildlands	4,153,142	2,438,358
Membership services	31,924	50,470
Fundraising	<u>2,814,616</u>	<u>3,288,463</u>
	<u>\$ 7,323,870</u>	<u>\$ 8,881,293</u>

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

14. NRDC ACTION FUND, INC.

Included in the accompanying consolidated balance sheets at June 30, 2016 and 2015 and the accompanying consolidated statements of activities for the years then ended are the following amounts pertaining to the NRDC Action Fund, Inc.:

	<u>2016</u>	<u>2015</u>
Balance Sheets as of June 30:		
Assets	\$ 2,921,828	\$ 3,149,461
Liabilities	(190,997)	(84,036)
Net assets-temporarily restricted	<u>\$ 2,730,831</u>	<u>\$ 3,065,425</u>
Statements of Activities for years ended June 30:		
Revenues - contributions	\$ 2,952,525	\$ 3,899,436
Revenues - in-kind donations	20,808	33,054
Total revenue	<u>2,973,333</u>	<u>3,932,490</u>
Expenses:		
Program services:		
Clean energy future	2,882,405	1,876,958
Protect our health	529	631
Safe and sufficient water	82,048	-
Total program services	<u>2,964,982</u>	<u>1,877,589</u>
Supporting services:		
Management and general	314,958	182,580
Fundraising	27,987	29,439
Total supporting services	<u>342,945</u>	<u>212,019</u>
Total expenses	<u>3,307,927</u>	<u>2,089,608</u>
Change in net assets	(334,594)	1,842,882
Net assets, beginning of year	<u>3,065,425</u>	<u>1,222,543</u>
Net assets, end of year	<u>\$ 2,730,831</u>	<u>\$ 3,065,425</u>

SUPPLEMENTAL SCHEDULES

NATURAL RESOURCES DEFENSE COUNCIL, INC.
Supplemental Schedule – Unconsolidated Schedule of Activities
(excluding NRDC Action Fund, Inc. and NRDC Limited)
For the year ended June 30, 2016

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total
	Operating	Designated	Total			
REVENUES						
Memberships and individual contributions	\$ 53,793,343	\$ 1,302,545	\$ 55,095,888	\$ 26,726,043	\$ 5,000	\$ 81,826,931
Foundation grants	1,197,050	-	1,197,050	35,323,321	-	36,520,371
Government grants	208,644	-	208,644	-	-	208,644
Bequests	-	7,548,232	7,548,232	1,000,000	92,394	8,640,626
In-kind contributions	4,116,643	-	4,116,643	-	-	4,116,643
Awarded attorneys fees	981,848	-	981,848	98,919	-	1,080,767
Investment return appropriated for operations	-	3,973,502	3,973,502	1,314,498	-	5,288,000
Investment return from operating reserves	855,227	-	855,227	-	-	855,227
Other revenue	920,226	-	920,226	-	-	920,226
Net assets released from restrictions	72,793,049	(8,443,352)	64,349,697	(64,349,697)	-	-
Total revenues	<u>134,866,030</u>	<u>4,380,927</u>	<u>139,246,957</u>	<u>113,084</u>	<u>97,394</u>	<u>139,457,435</u>
EXPENSES						
Program services:						
Clean energy future	55,529,716	-	55,529,716	-	-	55,529,716
Revive our oceans	6,666,110	-	6,666,110	-	-	6,666,110
Protect our health	13,634,888	-	13,634,888	-	-	13,634,888
Wildlife and wildlands	15,314,570	-	15,314,570	-	-	15,314,570
Safe and sufficient water	6,900,090	-	6,900,090	-	-	6,900,090
Sustainable communities	13,834,323	-	13,834,323	-	-	13,834,323
Membership services	3,162,880	-	3,162,880	-	-	3,162,880
Total program services	<u>115,042,577</u>	<u>-</u>	<u>115,042,577</u>	<u>-</u>	<u>-</u>	<u>115,042,577</u>
Supporting services:						
Management and general	10,765,562	-	10,765,562	-	-	10,765,562
Fundraising	6,483,559	-	6,483,559	-	-	6,483,559
Member recruitment	3,886,797	-	3,886,797	-	-	3,886,797
Total supporting services	<u>21,135,918</u>	<u>-</u>	<u>21,135,918</u>	<u>-</u>	<u>-</u>	<u>21,135,918</u>
Total expenses	<u>136,178,495</u>	<u>-</u>	<u>136,178,495</u>	<u>-</u>	<u>-</u>	<u>136,178,495</u>
Changes in net assets, before non-operating activities	(1,312,465)	4,380,927	3,068,462	113,084	97,394	3,278,940
NON-OPERATING ACTIVITIES						
Investment loss, net of amounts appropriated for operations	(63,169)	(4,628,711)	(4,691,880)	(1,468,042)	-	(6,159,922)
Change in value of interest-rate swap agreements	-	(817,573)	(817,573)	-	-	(817,573)
Pension related activity other than net periodic pension expense	-	(2,762,051)	(2,762,051)	-	-	(2,762,051)
Change in value of split-interest agreements	8,508	(706,016)	(697,508)	(822)	-	(698,330)
Changes in net assets	<u>(1,367,126)</u>	<u>(4,533,424)</u>	<u>(5,900,550)</u>	<u>(1,355,780)</u>	<u>97,394</u>	<u>(7,158,936)</u>
Net assets, beginning of year	<u>15,810,262</u>	<u>144,481,789</u>	<u>160,292,051</u>	<u>63,385,258</u>	<u>20,005,907</u>	<u>243,683,216</u>
Net assets, end of year	<u>\$ 14,443,136</u>	<u>\$ 139,948,365</u>	<u>\$ 154,391,501</u>	<u>\$ 62,029,478</u>	<u>\$ 20,103,301</u>	<u>\$ 236,524,280</u>

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.
Consolidated Schedule of Functional Expenses
For the year ended June 30, 2016

	Program Services								Supporting Services				Total
	Clean Energy Future	Revive our Oceans	Protect our Health	Wildlife and Wildlands	Safe and Sufficient Water	Sustainable Communities	Membership Services	Total Programs	Management and General	Fundraising	Member Recruitment	Total Supporting Services	
Salaries and benefits	\$ 26,479,331	\$ 3,713,511	\$ 6,930,279	\$ 6,473,091	\$ 4,305,473	\$ 7,030,069	\$ 829,022	\$ 55,760,776	\$ 6,181,782	\$ 4,420,570	\$ 159,625	\$ 10,761,977	\$ 66,522,753
Rent and utilities	2,338,027	323,961	604,586	564,684	375,602	616,022	72,051	4,894,933	539,674	384,195	13,873	937,742	5,832,675
Depreciation and amortization	1,088,754	152,689	284,953	266,155	177,029	289,056	34,074	2,292,710	254,083	181,694	6,561	442,338	2,735,048
Professional consulting and counsel	13,966,550	1,176,743	3,884,962	2,201,828	965,187	3,641,293	306,002	26,142,565	849,613	435,154	262,614	1,547,381	27,689,946
Special mailings and postage	36,134	61,872	9,992	1,844,579	21,641	9,885	559,845	2,543,948	3,430	27,947	1,334,999	1,366,376	3,910,324
Printing and copying	462,546	278,976	111,546	1,828,502	65,410	126,450	851,114	3,724,544	3,592	96,682	1,485,390	1,585,664	5,310,208
Membership lists and maintenance	392,082	88,665	102,776	524,501	63,752	104,095	417,451	1,693,322	2,565	100,820	308,288	411,673	2,104,995
Travel	1,868,295	306,310	449,137	460,555	233,108	602,061	14,021	3,933,487	464,155	179,125	1,650	644,930	4,578,417
Public affairs and advertising	3,398,600	108,233	416,373	193,490	121,686	220,928	2,687	4,461,997	48,841	150,456	122	199,419	4,661,416
Conferences and meetings	356,812	59,478	68,024	80,642	48,008	104,977	1,024	718,965	150,438	102,992	148	253,578	972,543
Contributions to others	2,483,804	61,390	114,804	257,291	105,348	426,885	-	3,449,522	27,400	649	-	28,049	3,477,571
Other	2,658,781	334,282	657,456	619,252	417,846	662,602	75,589	5,425,808	2,239,989	403,275	313,527	2,956,791	8,382,599
Total expenses of NRDC (on a standalone basis)	55,529,716	6,666,110	13,634,888	15,314,570	6,900,090	13,834,323	3,162,880	115,042,577	10,765,562	6,483,559	3,886,797	21,135,918	136,178,495
NRDC Action Fund, Inc. - depreciation	-	-	-	-	-	-	-	-	4,907	-	-	4,907	4,907
NRDC Action Fund, Inc. - other expenses	2,882,405	-	529	-	82,048	-	-	2,964,982	310,051	27,987	-	338,038	3,303,020
Total Action Fund	2,882,405	-	529	-	82,048	-	-	2,964,982	314,958	27,987	-	342,945	3,307,927
NRDC Limited	874,660	-	-	-	-	-	-	874,660	-	-	-	-	874,660
	<u>\$ 59,286,781</u>	<u>\$ 6,666,110</u>	<u>\$ 13,635,417</u>	<u>\$ 15,314,570</u>	<u>\$ 6,982,138</u>	<u>\$ 13,834,323</u>	<u>\$ 3,162,880</u>	<u>\$ 118,882,219</u>	<u>\$ 11,080,520</u>	<u>\$ 6,511,546</u>	<u>\$ 3,886,797</u>	<u>\$ 21,478,863</u>	<u>\$ 140,361,082</u>

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