

Environmental Defense Fund, Incorporated

**Consolidated Financial Statements and
Supplementary information**
Years Ended September 30, 2016 and 2015

Environmental Defense Fund, Incorporated

Consolidated Financial Statements and Supplementary Information
Years Ended September 30, 2016 and 2015

Environmental Defense Fund, Incorporated

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Independent Auditor's Report

To the Board of Trustees
Environmental Defense Fund, Incorporated
New York, New York

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Environmental Defense Fund, Incorporated (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2016, and the related consolidated statement of activities, statement of cash flows for the year 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 audit. We conducted our audit 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 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 the entity'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 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 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 financial position of Environmental Defense Fund, Incorporated as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Audit of the 2016 Consolidated Financial Statements

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules of financial position and consolidating schedules of activities are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Audit of the 2015 Consolidated Financial Statement

The 2015 consolidated financial statements and supplementary information of Environmental Defense Fund, Incorporated were audited by other auditors, whose report dated November 23, 2015 expressed an unmodified opinion on those statements and supplementary information.

BDO USA, LLP

December 6, 2016

Environmental Defense Fund, Incorporated

Consolidated Statements of Financial Position

<i>September 30,</i>	2016	2015
Assets		
Cash and cash equivalents	\$ 4,474,970	\$ 2,676,767
Temporary investments for future periods	33,973,655	32,169,719
Prepaid expenses and other assets	5,654,398	4,633,892
Pledges receivable, net	127,605,783	127,836,099
Property and equipment, net	12,793,397	5,259,347
California Fisheries loans, net	2,164,671	1,868,032
Donor-advised fund investments	-	241,475
Investments	68,563,339	59,465,968
	\$255,230,213	\$234,151,299
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 14,539,247	\$ 8,666,095
Deferred revenue and rent payable	3,015,599	2,744,671
Annuities payable	4,013,734	4,006,847
Notes payable	8,834,176	1,871,147
California Fisheries grants payable	3,201,983	3,358,086
Other liabilities	4,943,480	4,034,991
	38,548,219	24,681,837
Commitments and Contingencies		
Net Assets:		
Unrestricted:		
Available for operations	2,711,290	2,322,196
Board designated	52,917,861	45,841,599
	55,629,151	48,163,795
Temporarily restricted	157,316,345	157,569,169
Permanently restricted	3,736,498	3,736,498
	216,681,994	209,469,462
	\$255,230,213	\$234,151,299

See accompanying notes to consolidated financial statements.

Environmental Defense Fund, Incorporated

Consolidated Statement of Activities (with summarized financial information for 2015)

Year ended September 30,

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2016	2015
Operating Support and Revenue:					
Support:					
Contributions and membership	\$ 20,428,820	\$ 70,003,449	\$ -	\$ 90,432,269	\$100,688,019
Foundations and other institutional giving	967,068	53,554,798	-	54,521,866	34,669,312
Government grants and other giving	109,432	14,147,021	-	14,256,453	2,694,319
Bequests and other planned giving	9,152,889	-	-	9,152,889	4,270,009
Total Support	30,658,209	137,705,268	-	168,363,477	142,321,659
Revenue:					
Investment income allocated for operations	2,500,000	315,898	-	2,815,898	2,642,538
Fees, royalties and other income	1,056,541	-	-	1,056,541	689,511
Total Revenue	3,556,541	315,898	-	3,872,439	3,332,049
Net assets released from restrictions	138,113,991	(138,113,991)	-	-	-
Total Operating Support and Revenue	172,328,741	(92,825)	-	172,235,916	145,653,708
Operating Expenses:					
Program services:					
Scientific research, economic analysis, and policy development:					
Climate and energy	75,453,948	-	-	75,453,948	66,537,070
Oceans	24,768,350	-	-	24,768,350	21,148,146
Ecosystems	20,985,800	-	-	20,985,800	19,940,260
Health	8,766,028	-	-	8,766,028	7,096,924
Education	7,040,201	-	-	7,040,201	5,986,910
Membership activities	2,240,862	-	-	2,240,862	1,975,333
Total Program Services	139,255,189	-	-	139,255,189	122,684,643
Supporting services:					
Management and general	9,097,586	-	-	9,097,586	8,440,051
New member acquisition	373,477	-	-	373,477	301,533
Fund-raising:					
Membership	3,091,988	-	-	3,091,988	2,801,490
Development	11,971,727	-	-	11,971,727	10,823,624
Total Supporting Services	24,534,778	-	-	24,534,778	22,366,698
Total Operating Expenses	163,789,967	-	-	163,789,967	145,051,341
Change in Net Assets From Operations	8,538,774	(92,825)	-	8,445,949	602,367
Change in Net Assets From Non-Operating Activities:					
Other expenses, net of contributions and other income	(171,373)	(461,440)	-	(632,813)	(730,572)
Investment results, net of allocation to operations	(902,045)	301,441	-	(600,604)	(1,929,532)
Change in Net Assets	7,465,356	(252,824)	-	7,212,532	(2,057,737)
Net Assets, Beginning of Year	48,163,795	157,569,169	3,736,498	209,469,462	211,527,199
Net Assets, End of Year	\$ 55,629,151	\$157,316,345	\$3,736,498	\$216,681,994	\$209,469,462

See accompanying notes to consolidated financial statements.

Environmental Defense Fund, Incorporated

Consolidated Statement of Activities

Year ended September 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Support and Revenue:				
Support:				
Contributions and membership Foundations and other institutional giving	\$ 19,810,682	\$ 80,877,337	\$ -	\$100,688,019
Government grants and other giving	192,414	34,476,898	-	34,669,312
Bequests and other planned giving	178,127	2,516,192	-	2,694,319
	4,270,009	-	-	4,270,009
Total Support	24,451,232	117,870,427	-	142,321,659
Revenue:				
Investment income allocated for operations	2,359,909	282,629	-	2,642,538
Fees, royalties and other income	659,511	30,000	-	689,511
Total Revenue	3,019,420	312,629	-	3,332,049
Net assets released from restrictions	121,147,086	(121,147,086)	-	-
Total Operating Support and Revenue	148,617,738	(2,964,030)	-	145,653,708
Operating Expenses:				
Program services:				
Scientific research, economic analysis, and policy development:				
Climate and energy	66,537,070	-	-	66,537,070
Oceans	21,148,146	-	-	21,148,146
Ecosystems	19,940,260	-	-	19,940,260
Health	7,096,924	-	-	7,096,924
Education	5,986,910	-	-	5,986,910
Membership activities	1,975,333	-	-	1,975,333
Total Program Services	122,684,643	-	-	122,684,643
Supporting services:				
Management and general	8,440,051	-	-	8,440,051
New member acquisition	301,533	-	-	301,533
Fund-raising:				
Membership	2,801,490	-	-	2,801,490
Development	10,823,624	-	-	10,823,624
Total Supporting Services	22,366,698	-	-	22,366,698
Total Operating Expenses	145,051,341	-	-	145,051,341
Change In Net Assets From Operations	3,566,397	(2,964,030)	-	602,367
Change In Net Assets From Non-Operating Activities:				
Other income (expenses), net of contributions and other income	(730,572)	-	-	(730,572)
Investment results, net of allocation to operations	(2,030,497)	100,965	-	(1,929,532)
Change In Net Assets	805,328	(2,863,065)	-	(2,057,737)
Net Assets, Beginning of Year	47,358,467	160,432,234	3,736,498	211,527,199
Net Assets, End of Year	\$ 48,163,795	\$157,569,169	\$3,736,498	\$209,469,462

See accompanying notes to consolidated financial statements.

Environmental Defense Fund, Incorporated

Consolidated Statements of Cash Flows

<i>Year ended September 30,</i>	2016	2015
Cash Flows From Operating Activities:		
Change in net assets	\$ 7,212,532	\$ (2,057,737)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated securities	(12,616,048)	(6,546,591)
Proceeds from donated securities	12,503,835	6,436,779
Net realized and unrealized (gains) losses on investments	(1,149,290)	351,505
Depreciation and amortization	1,671,787	1,395,160
Changes in:		
Prepaid expenses and other assets	(1,020,506)	(290,431)
Pledges receivable	230,316	10,633,244
Donor-advised fund investments	241,475	-
California Fisheries loans	(156,103)	(491,936)
Accounts payable and accrued expenses	5,873,152	145,340
Deferred revenue and rent payable	270,928	354,244
Annuities payable	6,887	(446,153)
California Fisheries grants payable	(156,103)	(121,375)
Other liabilities	908,489	1,079,795
Net Cash Provided By Operating Activities	13,821,351	10,441,844
Cash Flows From Investing Activities:		
Purchases of property and equipment	(9,279,426)	(1,672,476)
Proceeds from sales of investments	23,066,593	45,804,813
Purchases of investments	(32,442,201)	(55,888,115)
Net Cash Used In Investing Activities	(18,655,034)	(11,755,778)
Cash Flows From Financing Activities:		
Net contributions and payments subject to split-interest agreements	(320,614)	(115,614)
Proceeds from notes payable	7,500,000	-
Repayment of notes	(547,500)	(345,120)
Net Cash Provided By (Used In) Financing Activities	6,631,886	(460,734)
Net Increase (Decrease) in Cash and Cash Equivalents	1,798,203	(1,774,668)
Cash and Cash Equivalents, Beginning of Year	2,676,767	4,451,435
Cash and Cash Equivalents, End of Year	\$ 4,474,970	\$ 2,676,767
Supplementary Disclosure of Cash Flow Information:		
Interest paid	\$ 165,150	\$ 88,577

See accompanying notes to consolidated financial statements.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies

(a) Organization

The accompanying consolidated financial statements are comprised of Environmental Defense Fund, Incorporated (“EDF”) and its wholly-controlled entities, the Environmental Defense Action Fund (the “Action Fund”), the California Fisheries Fund, Inc. (“California Fisheries”), Environmental Defense Fund de Mexico, A.C. (“EDF Mexico”), the Environmental Defense Action Fund Political Action Committee (“EDAF PAC”) and the Environmental Defense Fund Europe (“EDF Europe”) (together, the “Organization”), as of and for the fiscal years ended September 30, 2016 and 2015.

EDF was originally organized as the Environmental Defense Fund, Incorporated, under the laws of New York State in 1967. It is classified as a public charity and is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and from state and local taxes under comparable laws. It is dedicated to protecting the environmental rights of all people, including the right to clean air, clean water, healthy food and flourishing ecosystems. EDF employs scientists, economists, attorneys and other professionals in an effort both to educate the public, and to create practical solutions to environmental problems that win lasting political, economic and social support because they are nonpartisan and fair. It receives support from its membership and other contributors, as well as through foundation and government grants.

The Action Fund was incorporated in Delaware in July 2002 to educate the public about sound environmental policy and to advocate for effective laws to protect the environmental rights of all people. It has been classified as exempt from federal income taxes under Section 501(c)(4) of the U.S. Internal Revenue Code. It receives support from individuals and other contributors (see Note 11(a)).

California Fisheries was incorporated in California in August 2007 to promote the public good and to improve and reform the conservation and financial performance of California’s marine fisheries through the provision of education, training, and financial services, including, without limitation, grants, loans, and technical tools to ensure improved scientific information, enhanced stewardship of fish stocks and habitats, better fishery jobs, improved profitability, and revitalized coastal communities. California Fisheries operates exclusively for charitable and educational purposes and is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. California Fisheries receives support from government entities and foundations (see Note 11(b)).

In fiscal-year 2009, EDF established EDF Mexico, a controlled foreign subsidiary the operations of which are located in La Paz, Mexico. The expenditures of EDF Mexico are included in these consolidated financial statements (see Note 11(c)).

In fiscal-year 2010, the Action Fund established the EDAF PAC to facilitate political contributions by the Action Fund’s members, officers and designated staff to help support candidate committees and other political committees that merit the support of the Action Fund and its members. Maintaining the Action Fund’s reputation for objective, bipartisan advocacy, EDAF PAC was established to support equal numbers of, and raise comparable total amounts for, Republicans and Democrats. Since EDAF PAC is not a separate legal entity, its assets and liabilities are included in these consolidated financial statements as part of the Action Fund (see Note 11(d)).

EDF Europe was established in the UK as a company limited by guarantee in September 2014, with EDF as the company’s sole member. In December 2015, EDF Europe became a registered charity under the UK Charities Act. As a registered charity, EDF Europe is exempt from income tax so long as its funds are used for charitable purposes. The work of EDF Europe focuses on restoring oceans and promoting sustainable fishing as well as reducing emissions of climate pollutants through the wider use of clean energy and increased energy efficiency.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

The six entities that comprise the Organization, as described above, have some common officers and directors, and they share staff and other resources under a cost-sharing agreement. All intercompany accounts have been eliminated in consolidation.

(b) Basis of Accounting

The accompanying consolidated financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statements of activities.

Accordingly, certain expenses have been allocated among the programs and supporting services in reasonable ratios determined by management.

(d) Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(e) Net Assets

The Organization's net assets and its revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted - Unrestricted net assets represent those resources for which there are no donor restrictions as to their use and which have been categorized by the Organization for general purposes to be used for the ongoing activity and working capital needs of the Organization. The Board of Trustees of the Organization has designated \$52,917,861 and \$45,841,599 of its unrestricted net assets as of September 30, 2016 and 2015, respectively.

Temporarily Restricted - Temporarily restricted net assets represent those resources that are subject to the requirements of New York Prudent Management Institutional Funds Act ("NYPMIFA") and those resources for which the use has been restricted by donors to specific purposes, the release of which results from either the satisfaction of the restricted purposes specified by the donors or from the passage of time, or, by appropriations by the Board of Trustees.

Permanently Restricted - Permanently restricted net assets represent those resources restricted by donors from use by the Organization except to generate additional income, which may or may not be directed to specific use by the donor. Under the terms of NYPMIFA, those earnings will initially be classified as temporarily restricted in the accompanying consolidated statements of activities, pending appropriation by the Board of Trustees.

(f) Temporary Investments For Future-Year Activities

The cash equivalents reported in the accompanying consolidated financial statements as temporary investments consist primarily of highly liquid investments.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

(g) Measure of Operations

The Organization includes in its measure of operations:

- (i) all revenues and expenses that are an integral part of its programs and supporting activities;
- (ii) net assets released from restrictions to support operating expenditures; and
- (iii) an annual amount appropriated for expenditure from donor-restricted endowment assets and assets designated for long-term investment.

The Organization excludes from its measure of operations:

- (i) contributions from and changes in the value of split-interest agreements, until the death of the donor, unless specified otherwise; and
- (ii) investment results net of amounts made available for operating purposes.

(h) Cash and Cash Equivalents

For financial reporting purposes, the Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

(i) Property, Equipment and Depreciation

Property and equipment are recorded at their original costs and are depreciated over their estimated useful lives, which range from 3 to 10 years, using the straight-line method. Leasehold improvements are amortized using the straight-line method over the terms of the underlying leases, which may be less than the estimated useful lives of the improvements. The Organization capitalizes items of property and equipment that have a cost of \$5,000 or more and useful lives of three years or more.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of September 30, 2016 and 2015 and, in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

(j) Fair-value Measurements

As further described in Note 4, the Organization reports a fair value measurement of all applicable financial assets and liabilities, including investments, inventory, pledges receivable, deferred revenue and short-term and long-term notes payable.

(k) Investments

The investments in the accompanying consolidated financial statements consist of marketable debt and equity securities, money market accounts, and certain limited partnerships/alternative investments (which include venture capital funds). Debt and equity securities and money market investments are reported at their fair values, which are based upon quoted market prices. The investments in investment partnership funds are carried at their original cost basis and are adjusted annually to fair values based upon the valuation of the underlying assets, as provided by the investment managers. Management routinely reviews and evaluates the values provided by the investment managers and believes the carrying amounts of these investments to be reasonable estimates of fair value. However, estimated fair values may differ significantly from the values that would have been reported had a ready market for these investments existed.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

Net investment income is recorded as unrestricted unless specifically restricted by the donors. Unrealized appreciation or depreciation of investments is included in the accompanying consolidated statements of activities.

It is the Organization's policy to sell donated equity securities upon receipt.

Investment expenses include the services of bank trustees, investment managers and custodians. The balance of investment management fees charged by the Organization's various investment managers in each fiscal year does not include those fees that are embedded in various other investment accounts and transactions.

(l) Donor-Advised Fund Investments

Donor-advised funds are identified by reference to contributions of a donor or donors. They are owned and controlled by the Organization for which the donors give advice with respect to the fund's distribution to various charities. The contributions by the donors remain invested until distributed.

(m) Valuation Allowances

Valuation allowances are offset against the asset categories to which they apply.

(n) Derivative Instruments and Fair Value of Financial Instruments

Interest-rate hedges may be used to manage the interest rate risk associated with the Organization's debt obligations, at the discretion of management. All derivative instruments are recognized as either assets or liabilities at fair value in the accompanying consolidated statements of financial position. The fair value of interest rate swap agreements is the estimated amount that an entity would receive or pay to terminate any swap agreements at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The Organization reports the fair value of interest rate swaps in either other assets or other liabilities, as appropriate, in the accompanying consolidated statements of financial position. The corresponding changes in the fair value of these swaps are reported as unrealized gains or losses in the accompanying consolidated statements of activities.

(o) Split-Interest Agreements

A portion of the Organization's investments results from deferred-giving vehicles subject to split-interest agreements. Three different types of agreements are currently maintained: the charitable gift annuity, the charitable remainder unitrust, and the pooled income fund.

Charitable gift annuities are unrestricted irrevocable gifts under which the Organization agrees in turn to pay a life annuity to the donor or to a designated beneficiary. The contributed funds and the attendant liabilities immediately become part of the general assets and liabilities of the Organization, subject to the Organization maintaining an actuarial reserve in accordance with New York State law. Charitable remainder unitrust gifts are time-restricted contributions not available to the Organization until after the death of the donor, who, while living, receives an annual payout from the trust, based on a fixed percentage of the market value of the invested funds on December 31 of each year. The pooled income fund is composed of donations that are combined in bond and equity mutual fund investments. Contributors receive a pro-rata share of the actual ordinary income of these funds until their deaths, at which point the investment asset share of the donors becomes available to the Organization.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

The Organization values deferred gifts of cash at their face values and investments at their fair values. Organization liabilities are calculated on the basis of industry-standard actuarial data. Published Internal Revenue Service discount rates and actuarial tables are employed to determine the net present value of both contributions and liabilities pertaining to these deferred-giving arrangements.

The net asset value of a split-interest agreement at the time of the donor's death is reported in unrestricted operations unless specified otherwise by the donor.

(p) Accrued Vacation

Employees accrue vacation based on tenure and salary levels, which results in up to five weeks of vacation per year. Employees are allowed to accumulate up to 1½ times their yearly allotment, at which time accumulation ceases until vacation time is taken. Unused vacation balances carry over to future years.

The Organization's obligation for accrued vacation is included as a liability in the accompanying consolidated statements of financial position and represents the cost of unused employee vacation time payable in the event of employee terminations. At September 30, 2016 and 2015, accrued vacation obligations were \$3,639,092 and \$3,220,393, respectively.

(q) Deferred Rent Payable

The difference between rent expense incurred by the Organization on an accrual basis and the rent amounts paid in cash, as well as the unamortized portion of rent concessions and landlord contributions to leasehold improvement projects, is reported as deferred rent payable in the accompanying consolidated statements of financial position.

(r) Revenue Recognition

- (i) Contributions* - Contributions and grants, including unconditional promises to give to the Organization (pledges), are recognized as revenue in the period received. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Contributions are considered to be available for unrestricted use unless specifically restricted by the donors.
- (ii) Bequests* - Under a policy established by its Board of Trustees, at the recommendation of its Finance Committee, the Organization designates an amount up to 90% of total unrestricted bequests received for long-term investment, subject to its annual operating requirements.
- (iii) Donated Goods and Services* - Donated goods and services are recognized at their fair values at the dates of donation. Contributions of services are also recognized at fair value when they are received, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Donated goods and services are reflected in the consolidated statements of activities as in-kind contributions, and therefore are recorded as both income and expense when they are received.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

(s) Income Taxes

The Organization is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 740, "Income Taxes," relating to accounting and reporting for uncertainty in income taxes. For the Organization, these provisions could be applicable to the incurrence of unrelated business income tax attributable to certain of the Organization's investments. However, due to the Organization's general tax-exempt status, management believes ASC 740 has not had, and is not expected to have, a material impact on the Organization's consolidated financial statements.

(t) Endowment Funds

The Organization is subject to the provisions of ASC 958, "Not-for-Profit Entities," which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to the provisions of NYPMIFA. ASC 958 also requires additional disclosures about endowments for all organizations (see Note 13).

(u) Subsequent Events

The Organization considers the accounting treatment, and the related disclosures in the current fiscal year's consolidated financial statements, that may be required as the result of all events or transactions that occur after September 30, 2016 through December 6, 2016, the date the consolidated financial statements were available to be issued.

(v) Reclassifications

Certain amounts included in the fiscal year 2015 financial statements have been reclassified to conform to the fiscal year 2016 presentation.

2. Pledges Receivable

Unconditional amounts promised to the Organization, but not yet collected, have been recorded as pledges receivable. Pledges receivable are reported at net realizable value.

At each fiscal year-end, pledges receivable are estimated to be collected as follows:

<i>September 30,</i>	2016	2015
In one year or less	\$ 73,458,436	\$ 62,161,776
Between one and two years	36,578,279	28,523,249
Between two and three years	10,600,000	34,230,592
Between three and four years	8,300,000	4,300,000
Four years and thereafter	-	-
Gross pledges receivable	128,936,715	129,215,617
Less: Present value discount (calculated at rates ranging from 0.1% to 2.01%) and allowance for uncollectible pledges	(1,330,932)	(1,379,518)
Net pledges receivable	\$127,605,783	\$127,836,099

While the Organization has an excellent record of collecting pledges receivable, management has provided a valuation allowance of \$388,622 for uncollectible pledges as of September 30, 2016 and 2015.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

3. Property and Equipment

At each fiscal year-end, property and equipment consisted of the following:

<i>September 30,</i>	2016	2015
Furniture and equipment	\$ 5,122,270	\$ 5,026,105
Computer equipment	3,134,010	3,637,865
Leasehold improvements	16,071,162	7,708,882
Building	393,319	393,319
Software development	1,031,045	805,408
Construction-in-progress	41,573	115,161
	25,793,379	17,686,740
Less: Accumulated depreciation and amortization	(12,999,982)	(12,427,393)
	\$ 12,793,397	\$ 5,259,347

Depreciation and amortization expense was \$1,671,787 and \$1,395,160 for fiscal years 2016 and 2015, respectively.

Construction-in-progress consists primarily of consulting and design costs related to building improvements of the Organization's rental space located at 257 Park Avenue South, New York, New York.

4. Investments

ASC 820, "Fair Value Measurement," also establishes a three-level valuation hierarchy of fair value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of input create the following fair value hierarchy:

Level 1 - Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.

Level 2 - Valuations are based on (i) quoted prices - those investments, or similar investments, in active markets, (ii) quoted prices - those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those investments or similar investments that are redeemable at or near the balance sheet date and for which a model was derived for valuation.

Level 3 - Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, (ii) the investments cannot be independently valued, or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

The Organization uses net asset value ("NAV") or its equivalent to determine the fair value of all investments which (i) do not have a readily determinable fair value and (ii) prepare their investees' financial statements consistent with the measurement principles of an investment company or an entity with the attributes of an investment company.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

The Organization's investments are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

The available market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. During fiscal years 2016 and 2015, there were no transfers between the fair value hierarchy levels.

In May 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-07, "Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)." ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which the fair value is measured using the NAV per share as a practical expedient. The Organization elected to adopt ASU 2015-07 for fiscal year 2016.

Accordingly, investments for which fair value is measured using NAV per share as a practical expedient have not been categorized within the fair value hierarchy, and certain related tables have been appropriately excluded from the consolidated financial statements. The amendment has been applied retrospectively to all periods presented.

At each fiscal year-end, the costs and fair values of investments were as follows:

<i>September 30,</i>	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Alternative investments	\$ 650,549	\$ 982,671	\$ 661,043	\$ 1,119,474
Mutual and exchange-traded funds	4,744,954	4,948,862	38,847,746	36,377,001
Corporate bonds	19,049,344	18,320,844	13,010,186	13,153,225
Money market accounts	37,801,929	37,452,151	1,923,974	1,923,974
Other investments - subject to split-interest agreements	5,481,342	6,858,811	6,047,784	6,892,294
	\$67,728,118	\$68,563,339	\$60,490,733	\$59,465,968

As portrayed above, concentrations of the Organization's investments in excess of 10% of the fair values of its portfolio included approximately (i) 83% invested in equity and debt securities, mutual and exchange-traded funds, and (ii) 12% invested in assets subject to split-interest agreements.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

The following table summarizes investment return by net asset classification:

<i>September 30,</i>	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Dividends and interest	\$ 872,884	\$ 193,116	\$ 1,066,000	\$ 900,703	\$ 163,808	\$ 1,064,511
Realized and unrealized gains (losses)	725,067	424,223	1,149,290	(571,291)	219,786	(351,505)
Net return on investments	1,597,951	617,339	2,215,290	329,412	383,594	713,006
Investment return allocated for operations	(2,500,000)	(315,898)	(2,815,898)	(2,359,909)	(282,629)	(2,642,538)
Investment results, net of allocation to operations	\$ (902,049)	\$ 301,441	\$ (600,608)	\$(2,030,497)	\$ 100,965	\$(1,929,532)

The following tables summarize the investments of the Organization's assets at each fiscal year-end, in accordance with the ASC 820 valuation levels:

September 30, 2016

	Level 1	Total
Temporary investments	\$33,973,655	\$ 33,973,655
Investments:		
Mutual and exchange-traded funds	4,948,862	4,948,862
Corporate bonds	18,320,844	18,320,844
Money market accounts	37,452,151	37,452,151
Other investments - subject to split-interest agreements	228,520	6,858,811
	94,924,032	101,554,323
Funds valued at NAV*	-	982,671
Total	\$94,924,032	\$102,536,994

September 30, 2015

	Level 1	Total
Temporary investments	\$32,169,719	\$32,169,719
Investments:		
Mutual and exchange-traded funds	36,377,201	36,377,201
Corporate bonds	13,153,025	13,153,025
Money market accounts	1,923,974	1,923,974
Other investments - subject to split-interest agreements	382,941	6,892,294
	84,006,860	90,516,213
Funds valued at NAV*	-	1,119,474
Total investments	84,006,860	91,635,687
Donor-advised fund investments - equities	241,475	241,475
Total	\$84,248,335	\$91,877,162

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been recognized in the fair value hierarchy. The fair value amounts presented in the preceding tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

The following table lists the provisions of the Organization's fund of funds:

September 30, 2016

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Venture Capital Funds	\$982,671	\$40,000	N/A	N/A

See Note 6 for fair value measurement disclosures relating to the Organization's debt and interest-rate swaps.

5. Donor-Advised Fund Investments

In fiscal year 2008, the Organization established a donor-advised fund ("DAF") administered by a third party and created for the purpose of managing charitable donations on behalf of individual donors. The donors have the privilege of providing advice with respect to the fund's distributions to various charities. The investments of the DAF remain as assets of the Organization until the charitable donations are made out of the fund.

There were no charitable donations made from the DAF in 2016 and 2015. The aggregate value of investment assets held in the DAF was \$-0- and \$241,475 at September 30, 2016 and 2015, respectively.

6. Notes Payable and Interest-Rate Swaps

At each fiscal year-end, notes payable were as follows:

<i>September 30,</i>	2016	2015
Promissory note from donor, payable on demand	\$ 100,000	\$ 100,000
Promissory note terminating 2018, at LIBOR + 1.5%	237,500	387,500
Promissory note terminating 2019, at 4.21%	1,190,000	1,400,000
Promissory note terminating 2021, at LIBOR + 1.75%	7,312,500	-
	8,840,000	1,887,500
Fair-value adjustment	(5,824)	(16,353)
	\$8,834,176	\$1,871,147

Notes Payable and Line of Credit

In fiscal year 1998, a donor provided a \$100,000 interest-free loan for the Organization's operations that remains outstanding and is due on demand. The imputed interest on this loan is not material to the accompanying consolidated financial statements.

In fiscal year 2008, the Organization borrowed \$1,500,000 from a bank, through a 10-year promissory note, the proceeds from which were used for funding the renovations of the California office. The loan is being repaid in monthly principal installments of \$12,500, with interest at the one-month LIBOR, plus 1.5%. In fiscal year 2012, the Organization borrowed an additional 7-year bank loan of \$2,100,000, which is being repaid in monthly principal installments of \$17,500, plus interest at

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

4.21%. In fiscal year 2016, the Organization borrowed \$7,500,000 from a bank, through a 5-year promissory note with an option to extend the maturity date for an additional 5 years, the proceeds from which were used for funding the renovations of the New York City office. The loan is being repaid in monthly principal installments of \$62,500, with interest at one-month LIBOR, plus 1.75%. At September 30, 2016, the Organization was in compliance with all debt covenants for these loans.

The Organization has also entered into an interest-rate swap agreement, having an initial notional value of \$3,352,083 and a notional value of \$237,500 and \$387,500 at September 30, 2016 and 2015, respectively, to protect against the interest rate fluctuations on the fiscal year 2008 bank note. The notional value of the swap declines monthly to coincide with the declining balance on the promissory notes as installment principal payments are made, and the swap matures in 2018. Based on the swap agreement, the Organization pays interest at 5.49% and receives interest at a rate of one-month LIBOR plus 1.5% on the notional value of the swap. These terms effectively convert the interest rate on the promissory notes from a variable rate to a fixed rate.

The estimated fair value of the interest-rate swap agreement was \$(6,510) and \$(16,353) at September 30, 2016 and 2015, respectively, which represents the cost that the Organization would have to pay to terminate the interest-rate swap agreement.

The interest-rate-swap agreement is valued using a swap valuation model that utilizes an income approach using observable market inputs including interest rate, LIBOR swap rates and credit default swap rates.

The fair values of the promissory notes reflect an adjustment for the gain corresponding to the hedging relationship with the interest-rate swap agreement. The Organization included the gain on the hedged promissory notes in the same line item as the offsetting loss on the related interest-rate swap.

Pre-swap annual contractual maturities of notes payable outstanding at September 30, 2016, excluding the \$100,000 note payable on demand, are as follows:

Year ending September 30,

2017	\$1,110,000
2018	1,047,500
2019	1,520,000
2020	750,000
2021	4,312,500
<hr/>	
Total	\$8,740,000

Interest expense on debt borrowings, as well as on interest-rate swap agreements, was \$165,150 and \$88,577 in fiscal years 2016 and 2015, respectively.

At September 30, 2016, the Organization had an unsecured line of credit of \$7,500,000 for ongoing operational requirements. There was no outstanding balance at either September 30, 2016 or 2015 under this line of credit.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

7. Temporarily Restricted Net Assets

At each fiscal year-end, temporarily restricted net assets (including allocation of investment gains and losses) were categorized as follows:

<i>September 30,</i>	2016	2015
Restricted by purpose:		
Climate and energy	\$ 65,014,844	\$ 67,765,686
Oceans	23,688,102	31,235,952
Ecosystems	34,822,594	17,585,389
Health	2,327,095	3,534,027
Education	9,695,674	4,439,371
	135,548,309	124,560,425
Restricted by time	21,768,036	32,329,744
	\$157,316,345	\$156,890,169

During each fiscal year, net assets released from restrictions were for the following:

<i>Year ended September 30,</i>	2016	2015
Climate and energy	\$ 67,711,396	\$ 68,347,142
Oceans	26,736,691	26,660,239
Ecosystems	17,707,490	22,296,928
Health	3,606,364	3,865,354
Education	2,012,697	373,794
	117,774,638	121,543,457
Time restrictions satisfied	20,339,353	282,629
	\$138,113,991	\$121,826,086

8. Employee Retirement Plans

The Organization maintains a 403(b) tax-deferred retirement plan, which is funded by contributions from both the Organization and its employees. The Organization's contribution is based upon employees' years of service, ranges from 3% to 8% of eligible employees' salaries, and is recorded as an expense annually. The related expense for fiscal years 2016 and 2015, respectively, was approximately \$2,794,000 and \$2,523,000.

In fiscal year 2004, the Organization established a 457(b) deferred-compensation plan for certain key employees that is funded by both the Organization and the employees. As such, the investment allocations are directed by the employees, but the investments remain as assets of the Organization until the employees retire. At September 30, 2016 and 2015, respectively, the asset value of this plan was \$2,936,849 and \$2,606,221.

The fair value of plan assets and the present value of employee retirement plan liabilities are reported as other assets and other liabilities, respectively, in the accompanying consolidated statements of financial position.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

9. Joint Costs

For fiscal years 2016 and 2015, the Organization has allocated joint costs (for informational materials and activities that include fund-raising appeals) among program and supporting services as follows:

<i>Year ended September 30,</i>	2016	2015
Climate and energy	\$4,106,406	\$4,403,149
Ecosystems	80,532	59,475
Education	2,023,768	1,148,361
Membership activities	1,479,343	1,313,377
New member acquisition	850,330	985,964
Membership - fund-raising	1,020,387	1,207,538
Health	49,079	-
Oceans	31,878	-
	\$9,641,723	\$9,117,864

The portion of cost allocated to membership activities consists of that component of membership mailings that contain information about the Organization and the types of actions an individual may take with regard to a specific issue. New member acquisition reflects the cost of materials and information that requests individuals to join the Organization. Membership fund-raising is that component of joint costs associated with asking the Organization's current members for contributions. Additional fund-raising activities that included program information were not eligible for allocation under accounting principles generally accepted in the United States of America and were treated exclusively as membership fund-raising or new member acquisition expense.

10. Concentrations of Credit Risk

The Organization maintains its cash and cash equivalents in both interest-bearing and noninterest-bearing accounts which, at times, may exceed federally insured limits. The Organization's investments are placed with high-credit-quality financial institutions. The Organization has not experienced any losses in such accounts, and management believes the Organization is not subject to a risk of loss beyond that related to market changes.

11. Wholly-Controlled Entity Transactions

(a) Environmental Defense Action Fund

The Action Fund reported support and revenue of \$11,928,336 and \$7,003,521 in fiscal years 2016 and 2015, respectively, which included grants of \$1,200,000 and \$700,000, respectively, from EDF, representing a portion of the grass-roots lobbying and the direct lobbying allowances permitted by EDF as a 501(c)(3) organization.

The Action Fund recorded expenses of \$9,331,746 and \$9,205,900 in fiscal years 2016 and 2015, respectively. Included in expenses were direct expenses related to grass-roots lobbying, direct lobbying and fund-raising, as well as allocated expenses for management by EDF. Changes to the Action Fund's net assets are included in unrestricted and temporarily restricted net assets in the accompanying consolidated financial statements.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

The Action Fund includes among its activity an intercompany payable of \$160,505 in fiscal year 2016 and an intercompany payable in the amount of \$273,568 in fiscal year 2015, due to and from EDF, respectively. Amounts invested by EDF are on behalf of the Action Fund and interest accrues to the benefit of the Action Fund. The amount of the intercompany receivable is payable on demand.

(b) California Fisheries Fund, Inc.

Grants of \$5,000,000 were awarded in fiscal year 2008 to EDF in support of California Fisheries' mission. Originally, EDF managed the grants as pass-through grants to California Fisheries, which were used to fund its operations and to establish a revolving loan fund ("Loan Fund"). The Loan Fund was established with an initial amount of \$4,550,000 to provide for loans intended to improve and reform the conservation and financial performance of California's marine fisheries. \$156,103 and \$121,375 was utilized for programs in fiscal years 2016 and 2015, respectively, resulting in a Loan Fund balance of \$3,201,983 and \$3,358,086, respectively, which includes an estimated valuation allowance of \$295,947 and \$207,343 at September 30, 2016 and 2015, respectively.

California Fisheries recorded revenue and support of \$210,433 and \$256,705 in fiscal years 2016 and 2015, respectively.

(c) Environmental Defense Fund de Mexico, A.C.

EDF Mexico commenced operations in August 2009. Expenditures of \$1,685,253 and \$1,583,617 for fiscal years 2016 and 2015, respectively, are included as part of EDF in the accompanying consolidated financial statements.

(d) Environmental Defense Action Fund Political Action Committee

EDAF PAC commenced operations in December 2009. Revenues of \$21,540 and \$15,000 and expenditures of \$25,500 and \$23,600 for fiscal years 2016 and 2015, respectively, are included as part of the Action Fund in the accompanying consolidated financial statements.

12. Commitments and Contingency

(a) Operating Leases

The Organization leases premises at 13 locations under operating leases that expire on various dates through September 2023.

The following is a schedule by year of future minimum rental payments that have initial or remaining non-cancelable lease terms in excess of one year as of September 30, 2016:

Year ending September 30,

2017	\$ 7,072,972
2018	6,308,036
2019	5,813,219
2020	5,512,471
2021	5,405,022
Thereafter	11,851,753
	<hr/>
	\$41,963,473

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

Rent expense included in operations for fiscal years 2016 and 2015 was \$7,190,228 and \$6,705,846, respectively. Certain leases provide for additional rental payments to cover increases in real estate taxes and expenses as yet undetermined.

(b) Governmental Audits

Government-funded activities are subject to audit by the applicable granting agencies. At September 30, 2016 and 2015, there were no material obligations outstanding as a result of such audits, and management believes that no material obligations will result from any future audits of such activities.

(c) Litigation

The Organization is from time to time subject to legal actions in the normal course of business. In the opinion of the Organization's management, as of September 30, 2016, the eventual resolution of these matters will not materially affect the financial position, cash flows, or change in net assets of the Organization.

(d) Other Contracts

In the normal course of business, the Organization enters into various contracts and agreements, which are typically renewable on a year-to-year basis.

13. Endowment

(a) The Endowment

The Organization's permanent endowment consists of nineteen individual funds, established for a variety of purposes and consisting entirely of donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(b) Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested with a focus on earning market returns or better while assuming a moderate level of investment risk.

(c) Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of annually appropriating for expenditure an amount of up to 5% of the average fair market value of the donor-restricted endowment, measured as of the last day of the calendar quarter for the twenty quarters immediately preceding the fiscal year in which the appropriation for expenditure is approved. In establishing this policy, the Organization's management has considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

(d) Endowment Net-Asset Composition by Type of Fund

September 30, 2016

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$3,736,498	\$3,736,498
Accumulated earnings not yet appropriated for expenditure	4,117,635	-	4,117,635
Total funds	\$4,117,635	\$3,736,498	\$7,854,133

September 30, 2015

	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$3,736,498	\$3,736,498
Accumulated earnings not yet appropriated for expenditure	3,850,705	-	3,850,705
Total funds	\$3,850,705	\$3,736,498	\$7,587,203

(e) Changes in Endowment Net Assets for the Fiscal Year

Year ended September 30, 2016

	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$3,850,705	\$3,736,498	\$7,587,203
Investment returns	582,828	-	582,828
Current year appropriation for expenditure	(315,898)	-	(315,898)
Net assets, end of year	\$4,117,635	\$3,736,498	\$7,854,133

Year ended September 30, 2015

	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$3,755,740	\$3,736,498	\$7,492,238
Investment returns	377,594	-	377,594
Current year appropriation for expenditure	(282,629)	-	(282,629)
Net assets, end of year	\$3,850,705	\$3,736,498	\$7,587,203

Environmental Defense Fund, Incorporated

Notes to Consolidated Financial Statements

(f) Interpretation of Relevant Law

As discussed in Note 1(t), NYPMIFA is applicable to the Organization's donor-restricted endowment funds. Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original, permanently restricted contribution. Under the terms of NYPMIFA, the Organization has no responsibility to restore such decrease in value. There were no such deficiencies in either fiscal year 2016 or 2015.

14. Program and Supporting Services Expenses

Generally accepted accounting principles require the Organization's expenses to be reported on a functional basis. Accordingly, during each fiscal year, total expenses were allocated among program and supporting services as follows:

<i>Year ended September 30,</i>	2016	2015
Programs	\$139,255,189	\$122,684,643
General and administrative	9,471,063	8,741,584
Fund-raising	15,063,715	13,625,114
	\$163,789,967	\$145,051,341

Supplementary Information

Environmental Defense Fund, Incorporated

Consolidating Schedule of Financial Position (with summarized financial information for 2015)

September 30,

	EDF	EDAF	CFF	Eliminations	Total	
					2016	2015
Assets						
Cash and cash equivalents	\$ 3,908,362	\$ 213,186	\$ 353,422	\$ -	\$ 4,474,970	\$ 2,676,767
Temporary investments for future periods	23,736,277	9,404,865	832,513	-	33,973,655	32,169,719
Prepaid expenses and other assets	5,521,189	133,209	-	-	5,654,398	4,633,892
Pledges receivable, net	127,570,783	35,000	-	-	127,605,783	127,836,099
Property and equipment, net	12,793,397	-	-	-	12,793,397	5,259,347
California Fisheries loans, net	-	-	2,164,671	-	2,164,671	1,868,032
Donor-advised fund investments	-	-	-	-	-	241,475
Investments	68,563,339	-	-	-	68,563,339	59,465,968
Intercompany receivable	181,152	-	-	(181,152)	-	-
	\$242,274,499	\$9,786,260	\$3,350,606	\$(181,152)	\$255,230,213	\$234,151,299
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accrued expenses	\$ 12,778,378	\$1,749,493	\$ 11,376	\$ -	\$ 14,539,247	\$ 8,666,095
Deferred revenue and rent payable	3,015,599	-	-	-	3,015,599	2,744,671
Annuities payable	4,013,734	-	-	-	4,013,734	4,006,847
Notes payable	8,834,176	-	-	-	8,834,176	1,871,147
California Fisheries grants payable	-	-	3,201,983	-	3,201,983	3,358,086
Other liabilities	4,943,480	-	-	-	4,943,480	4,034,991
Intercompany payable	-	160,505	20,647	(181,152)	-	-
Total Liabilities	33,585,367	1,909,998	3,234,006	(181,152)	38,548,219	24,681,837
Commitments and Contingencies						
Net Assets:						
Unrestricted:						
Available for operations	2,296,295	298,395	116,600	-	2,711,290	2,322,196
Board designated	52,917,383	478	-	-	52,917,861	45,841,599
Total Unrestricted	55,213,678	298,873	116,600	-	55,629,151	48,163,795
Temporarily restricted	149,738,956	7,577,389	-	-	157,316,345	157,569,169
Permanently restricted	3,736,498	-	-	-	3,736,498	3,736,498
Total Net Assets	208,689,132	7,876,262	116,600	-	216,681,994	209,469,462
	\$242,274,499	\$9,786,260	\$3,350,606	\$(181,152)	\$255,230,213	\$234,151,299

Environmental Defense Fund, Incorporated

Consolidating Schedule of Financial Position

September 30, 2015

	EDF	EDAF	CFF	Eliminations	Total
Assets					
Cash and cash equivalents	\$ 1,003,056	\$1,235,744	\$ 437,967	\$ -	\$ 2,676,767
Temporary investments for future periods	27,763,114	3,201,553	1,205,052	-	32,169,719
Prepaid expenses and other assets	4,559,629	74,263	-	-	4,633,892
Pledges receivable, net	126,610,099	1,226,000	-	-	127,836,099
Property and equipment, net	5,259,347	-	-	-	5,259,347
California Fisheries loans, net	-	-	1,868,032	-	1,868,032
Donor-advised fund investments	241,475	-	-	-	241,475
Investments	59,465,968	-	-	-	59,465,968
Intercompany receivable	301,376	-	-	(301,376)	-
	\$225,204,064	\$5,737,560	\$3,511,051	\$(301,376)	\$234,151,299
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 8,468,986	\$ 184,401	\$ 12,708	\$ -	\$ 8,666,095
Deferred revenue and rent payable	2,744,671	-	-	-	2,744,671
Annuities payable	4,006,847	-	-	-	4,006,847
Notes payable	1,871,147	-	-	-	1,871,147
California Fisheries grants payable	-	-	3,358,086	-	3,358,086
Other liabilities	4,034,991	-	-	-	4,034,991
Intercompany payable	-	273,568	27,808	(301,376)	-
Total Liabilities	21,126,642	457,969	3,398,602	(301,376)	24,681,837
Commitments and Contingencies					
Net Assets:					
Unrestricted:					
Available for operations	2,580,076	308,671	112,449	-	2,322,196
Board designated	45,841,599	-	-	-	45,841,599
Total Unrestricted	48,421,675	308,671	112,449	-	48,163,795
Temporarily restricted	151,919,249	4,970,920	-	-	157,569,169
Permanently restricted	3,736,498	-	-	-	3,736,498
Total Net Assets	204,077,422	5,279,591	112,449	-	209,469,462
	\$225,204,064	\$5,737,560	\$3,511,051	\$(301,376)	\$234,151,299

Environmental Defense Fund, Incorporated

Consolidating Schedule of Activities (with summarized financial information for 2015)

Year ended September 30,

	EDF	EDAF	CFF	Eliminations	Total	
					2016	2015
Operating Support and Revenue:						
Support:						
Contributions and membership	\$ 81,026,330	\$ 9,405,939	\$ -	\$ -	\$ 90,432,269	\$100,688,019
Foundations and other institutional giving	53,143,406	2,510,960	67,500	(1,200,000)	54,521,866	34,669,312
Government grants and other giving	14,256,428	25	-	-	14,256,453	2,694,319
Bequests and other planned giving	9,142,255	10,635	-	-	9,152,890	4,270,009
Total Support	157,568,419	11,927,559	67,500	(1,200,000)	168,363,478	142,321,659
Revenue:						
Investment income allocated for operations	2,815,898	-	-	-	2,815,898	2,642,538
Fees, royalties and other income	912,831	777	142,933	-	1,056,541	689,511
Total Revenue	3,728,729	777	142,933	-	3,872,439	3,332,049
Total Operating Support And Revenue	161,297,148	11,928,336	210,433	(1,200,000)	172,235,917	145,653,708
Operating Expenses:						
Compensation	70,300,343	1,517,282	154,409	-	71,972,034	65,071,499
Professional and consulting fees	29,361,385	2,700,140	36,809	-	32,098,334	28,289,545
Travel	6,664,202	41,626	3,420	-	6,709,248	5,719,572
Printing	5,771,756	569,386	-	-	6,341,142	5,081,094
Postage and delivery	332,954	297,806	11	-	630,771	530,530
Occupancy	8,242,311	107,283	8,610	-	8,358,204	7,726,810
Telecommunications	1,341,836	15,020	1,959	-	1,358,815	1,303,873
Data management	957,698	90,978	-	-	1,048,676	1,239,973
Supplies and equipment	744,401	18,352	771	-	763,524	589,411
Meetings and events	3,596,895	76,352	267	-	3,673,514	3,107,922
Subscriptions and dues	1,172,200	60,111	178	-	1,232,489	1,177,846
Advertising and promotions	3,778,800	1,985,040	-	-	5,763,840	6,429,201
Grants to others	20,271,635	1,798,900	-	(1,200,000)	20,870,535	16,429,630
Other	1,241,815	53,468	1,772	-	1,297,055	959,275
Depreciation and amortization	153,778,231	9,331,744	208,206	(1,200,000)	162,118,181	143,656,181
	1,671,787	-	-	-	1,671,787	1,395,160
Total Operating Expenses	155,450,018	9,331,744	208,206	(1,200,000)	163,789,968	145,051,341
Change In Net Assets From Operations	5,847,130	2,596,592	2,227	-	8,445,949	602,367
Change In Net Assets From Non-Operating Activities:						
Other expenses, net of contributions and other income	(632,813)	-	-	-	(632,813)	(730,572)
Investment results, net of allocation to operations	(602,606)	79	1,923	-	(600,604)	(1,929,532)
Change in Net Assets	4,611,711	2,596,671	4,150	-	7,212,532	(2,057,737)
Net Assets, Beginning of Year	204,077,421	5,279,591	112,450	-	209,469,462	211,527,199
Net Assets, End of Year	\$208,689,132	\$ 7,876,262	\$116,600	\$ -	\$216,681,994	\$209,469,462

Environmental Defense Fund, Incorporated

Consolidating Schedule of Activities

Year ended September 30, 2015

	EDF	EDAF	CFF	Eliminations	Total
Operating Support and Revenue:					
Support:					
Contributions and membership	\$ 95,830,361	\$ 4,857,658	\$ -	\$ -	\$100,688,019
Foundations and other institutional giving	33,174,312	2,145,000	50,000	(700,000)	34,669,312
Government grants and other giving	2,694,319	-	-	-	2,694,319
Bequests and other planned giving	4,270,009	-	-	-	4,270,009
Total Support	135,969,001	7,002,658	50,000	(700,000)	142,321,659
Revenue:					
Investment income allocated for operations	2,642,538	-	-	-	2,642,538
Fees, royalties and other income	481,943	863	206,705	-	689,511
Total Revenue	3,124,481	863	206,705	-	3,332,049
Total Operating Support And Revenue	139,093,482	7,003,521	256,705	(700,000)	145,653,708
Operating Expenses:					
Compensation	64,015,566	905,985	149,948	-	65,071,499
Professional and consulting fees	25,432,363	2,784,233	72,949	-	28,289,545
Travel	5,660,859	55,485	3,228	-	5,719,572
Printing	4,613,567	467,527	-	-	5,081,094
Postage and delivery	471,446	59,056	28	-	530,530
Occupancy	7,615,098	103,136	8,576	-	7,726,810
Telecommunications	1,287,745	14,946	1,182	-	1,303,873
Data management	1,129,205	110,768	-	-	1,239,973
Supplies and equipment	570,293	18,737	381	-	589,411
Meetings and events	3,000,917	105,754	1,251	-	3,107,922
Subscriptions and dues	1,165,307	12,420	119	-	1,177,846
Advertising and promotions	2,455,341	3,973,860	-	-	6,429,201
Grants to others	16,601,730	527,900	-	(700,000)	16,429,630
Other	891,464	66,093	1,718	-	959,275
	134,910,901	9,205,900	239,380	(700,000)	143,656,181
Depreciation and amortization	1,395,160	-	-	-	1,395,160
Total Operating Expenses	136,306,061	9,205,900	239,380	(700,000)	145,051,341
Change In Net Assets From Operations	2,787,421	(2,202,379)	17,325	-	602,367
Change In Net Assets From Non-Operating Activities:					
Other expenses, net of contributions and other income	(730,572)	-	-	-	(730,572)
Investment results, net of allocation to operations	(1,929,532)	-	-	-	(1,929,532)
Change in Net Assets	127,317	(2,202,379)	17,325	-	(2,057,737)
Net Assets, Beginning of Year	203,950,105	7,481,970	95,124	-	211,527,199
Net Assets, End of Year	\$204,077,422	\$ 5,279,591	\$112,449	\$ -	\$209,469,462