

LAKE GEORGE LAND CONSERVANCY, INC.

Independent Auditor's Report

Financial Statements

June 30, 2020

(With Comparative Totals for 2019)



WHITTEMORE, DOWEN
& RICCIARDELLI, LLP

LAKE GEORGE LAND CONSERVANCY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lake George Land Conservancy, Inc.

We have audited the accompanying financial statements of Lake George Land Conservancy, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of June 30, 2020, and the related statements of support, revenues and expenses and changes in net assets – modified cash basis and functional expenses – modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in the notes to the financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Lake George Land Conservancy, Inc. as of June 30, 2020, and its support, revenues and expenses for the year then ended in accordance with the modified cash basis of accounting as described in the notes to the financial statements.

Basis of Accounting

We draw attention to the notes to the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Lake George Land Conservancy, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP
Queensbury, New York

March 26, 2021

LAKE GEORGE LAND CONSERVANCY, INC.

Statements of Assets, Liabilities and Net Assets - Modified Cash Basis

June 30, 2020 and 2019

| ASSETS | 2020 | 2019 |
|--|---------------|---------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 841,748 | \$ 720,695 |
| Cash and cash equivalents - purpose restricted | 176,345 | 83,894 |
| Total Current Assets | 1,018,093 | 804,589 |
| Property and Equipment: | | |
| Land | 46,000 | 46,000 |
| Land improvements | 71,995 | 30,405 |
| Building and improvements | 1,318,354 | 1,318,354 |
| Furniture, fixtures and equipment | 83,227 | 72,163 |
| Vehicles | 35,760 | 33,371 |
| Total Property and Equipment | 1,555,336 | 1,500,293 |
| Less: Accumulated Depreciation | (502,382) | (464,336) |
| Net Property and Equipment | 1,052,954 | 1,035,957 |
| Other Assets: | | |
| Land held for conservation | 16,042,650 | 15,550,026 |
| Investments held for resale | - | 149,833 |
| Cash and investments for land preservation | 424,106 | 402,034 |
| Cash - purpose restricted | 4,661 | 4,661 |
| Endowments: | | |
| Stewardship cash - restricted in perpetuity | 1,632 | 1,632 |
| Investment portfolio cash | 245,126 | 121,193 |
| Investment portfolio securities | 4,134,303 | 3,707,675 |
| Security deposit | 346 | 346 |
| Total Other Assets | 20,852,824 | 19,937,400 |
| Total Assets | \$ 22,923,871 | \$ 21,777,946 |

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Statements of Assets, Liabilities and Net Assets - Modified Cash Basis

June 30, 2020 and 2019

| LIABILITIES AND NET ASSETS | 2020 | 2019 |
|---|---------------|---------------|
| Current Liabilities: | | |
| Current portion of long-term debt | \$ - | \$ 192,022 |
| Refundable advance - PPP loan | 65,541 | - |
| Other | 756 | 1,262 |
| | 66,297 | 193,284 |
| Total Current Liabilities | | |
| Long-Term Liabilities: | | |
| Security deposit | 800 | 800 |
| | 800 | 800 |
| Total Long-Term Liabilities | | |
| | 67,097 | 194,084 |
| Total Liabilities | | |
| Net Assets: | | |
| Without Donor Restrictions: | | |
| Undesignated | 18,484,854 | 17,791,740 |
| Designated by board of directors | 629,738 | 683,984 |
| | 19,114,592 | 18,475,724 |
| Total Net Assets Without Donor Restrictions | | |
| With Donor Restrictions: | | |
| Restricted for a specific purpose | 181,006 | 88,555 |
| Restricted in perpetuity | 3,561,176 | 3,019,583 |
| | 3,742,182 | 3,108,138 |
| Total Net Assets With Donor Restrictions | | |
| | 22,856,774 | 21,583,862 |
| Total Net Assets | | |
| | \$ 22,923,871 | \$ 21,777,946 |
| Total Liabilities and Net Assets | \$ 22,923,871 | \$ 21,777,946 |

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Statement of Support, Revenues and Expenses and
Changes in Net Assets - Modified Cash Basis

Year Ended June 30, 2020
(With Comparative Totals for 2019)

| | Without Donor Restrictions | With Donor Restrictions | 2020 Total | 2019 Total |
|---|-------------------------------|----------------------------|----------------------|----------------------|
| Support and Other Revenues: | | | | |
| Contributions and grants | \$ 684,525 | \$ 1,272,637 | \$ 1,957,162 | \$ 1,742,292 |
| In-Kind Contributions: | | | | |
| Land and easements | - | - | - | 24,800 |
| Services and tangible support | 25,740 | - | 25,740 | 23,975 |
| Special event/program fees, net | (47,773) | - | (47,773) | (18,172) |
| Rental income | 12,100 | - | 12,100 | 12,100 |
| Investment return, net | 189,660 | - | 189,660 | 278,327 |
| Gain on disposal | 6,656 | - | 6,656 | - |
| Impairment loss | (12,091) | - | (12,091) | - |
| Other income | 37,866 | - | 37,866 | - |
| Net assets released from restriction | 638,593 | (638,593) | - | - |
| Total Support and Other Revenues | 1,535,276 | 634,044 | 2,169,320 | 2,063,322 |
| Expenses: | | | | |
| Program Services | 591,323 | - | 591,323 | 619,074 |
| Support Services: | | | | |
| Management and general | 177,942 | - | 177,942 | 182,531 |
| Fundraising | 127,143 | - | 127,143 | 132,101 |
| Total Support Services | 305,085 | - | 305,085 | 314,632 |
| Total Expenses | 896,408 | - | 896,408 | 933,706 |
| Excess of Support and Other Revenues Over Expenses | 638,868 | 634,044 | 1,272,912 | 1,129,616 |
| Net Assets at Beginning of Year | 18,475,724 | 3,108,138 | 21,583,862 | 20,454,246 |
| Net Assets at End of Year | \$ 19,114,592 | \$ 3,742,182 | \$ 22,856,774 | \$ 21,583,862 |

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Statement of Functional Expenses
Modified Cash Basis

Year Ended June 30, 2020
(With Comparative Totals for 2019)

| | <u>Support Services</u> | | | 2020 Totals | 2019 Totals |
|--|-----------------------------|-----------------------------------|--------------------|-------------------|-------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | | |
| Salaries | \$ 237,788 | \$ 83,058 | \$ 84,058 | \$ 404,904 | \$ 394,597 |
| Payroll taxes | 17,156 | 6,740 | 6,740 | 30,636 | 30,445 |
| Employee benefits | 50,141 | 19,697 | 19,697 | 89,535 | 76,146 |
| Total Salaries and Related Expenses | 305,085 | 109,495 | 110,495 | 525,075 | 501,188 |
| Depreciation | 34,349 | 8,747 | 3,849 | 46,945 | 45,198 |
| Donations | 6,150 | - | - | 6,150 | 2,900 |
| Dues | 7,496 | - | - | 7,496 | 6,593 |
| Insurance | 15,553 | 5,120 | 2,253 | 22,926 | 19,469 |
| Interest | 51 | - | - | 51 | 3,042 |
| Gift shop cost of goods sold | 7,033 | 1,879 | - | 8,912 | 7,881 |
| Miscellaneous | 1,597 | - | - | 1,597 | 3,595 |
| Office supplies | 1,448 | 554 | 244 | 2,246 | 2,754 |
| Operating supplies | 18,588 | 7,260 | 3,194 | 29,042 | 25,249 |
| Permits, fees and licenses | 4,937 | 1,929 | 849 | 7,715 | 16,087 |
| Postage and shipping | 5,194 | 2,029 | 893 | 8,116 | 8,010 |
| Printing, advertising and newsletters | 33,363 | 3,837 | 3,836 | 41,036 | 38,947 |
| Professional fees | 126,493 | 28,256 | - | 154,749 | 189,534 |
| Real estate taxes | 4,155 | 675 | - | 4,830 | 21,055 |
| Rent | 400 | - | - | 400 | 526 |
| Repairs and maintenance | 13,701 | 6,611 | - | 20,312 | 13,548 |
| Special events | 33,519 | - | 25,845 | 59,364 | 47,103 |
| Telephone and utilities | 8,543 | 3,102 | 1,365 | 13,010 | 18,218 |
| Training and meetings | 1,415 | - | - | 1,415 | 5,814 |
| Travel and entertainment | 2,755 | 324 | 162 | 3,241 | 11,399 |
| Website maintenance | 50 | 3 | 3 | 56 | 580 |
| Total Functional Expenses | 631,875 | 179,821 | 152,988 | 964,684 | 988,690 |
| Less: expenses included with support and other revenues on the statement of support, revenues and expenses and changes in net assets - modified cash basis | | | | | |
| Gift shop cost of goods sold | (7,033) | (1,879) | - | (8,912) | (7,881) |
| Special events | (33,519) | - | (25,845) | (59,364) | (47,103) |
| Total Expenses Included in the Expense Section on the Statement of Support, Revenues and Expenses and Changes in Net Assets - Modified Cash Basis | \$ 591,323 | \$ 177,942 | \$ 127,143 | \$ 896,408 | \$ 933,706 |

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Summary of Significant Accounting Policies

This summary of significant accounting policies of Lake George Land Conservancy, Inc. (the Conservancy) is presented to assist in understanding the Conservancy's financial statements. The financial statements and notes are representations of the Conservancy's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles except for the method of accounting (see note below) and have been consistently applied in the preparation of the financial statements.

Organization

Lake George Land Conservancy, Inc. is an exempt organization under Sec. 501(c)(3) of the Internal Revenue Code. The Conservancy's purpose is to promote the preservation and protection of the land surrounding Lake George, New York. Prior to October 30, 2001, the Conservancy was known as Lake George Basin Land Conservancy, Inc.

Method of Accounting

The Conservancy's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. As such, certain expenses may fluctuate from year to year depending upon the date on which payments are made. The primary modifications to the cash basis of accounting consists of recording marketable securities at fair value and the capitalization and depreciation of long-lived assets, with corresponding debt incurred for the purchase of long-lived assets.

Financial Statement Presentation

Financial statement presentation follows FASB ASC 958-205 as amended by the implementation of FASB ASU 2016-14. Under FASB ASC 958-205, as amended, an organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The following classes of net assets are maintained:

Net Assets Without Donor Restrictions

The net assets without donor restrictions class includes assets available for use in general operations of the Conservancy as well as board designated assets and liabilities. The net assets without donor restrictions of the Conservancy may be used at the discretion of management to support the Conservancy's purposes and operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors and include donations for a particular asset or program. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Conservancy or by the passage of time. When the contribution is used for the purpose intended or the passage of time has expired, the amount is released to net assets without donor restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The amounts for June 30, 2019, in the accompanying statements are included to provide a basis for comparison with June 30, 2020, and present summarized totals only. Accordingly, the June 30, 2019, amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Summary of Significant Accounting Policies – Continued

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in conformity with the modified cash basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the amounts of revenues and expenses during the reporting period. Accordingly, actual results could vary from the estimates that were used.

Fair Value Measures

The Conservancy has adopted ASC 820-10 which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC 820-10 are:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. All investments held by Lake George Land Conservancy, Inc. are Level 1.

Uncertain Tax Positions

In accordance with generally accepted accounting principles, the Conservancy accounts for uncertainty in income taxes by recognizing tax positions in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by tax authorities. As of June 30, 2020, the Conservancy believes that it has appropriate support for the income tax positions taken on its tax returns and, therefore, believes that it has no uncertain tax positions that would have a material impact on the financial statements. As of June 30, 2020, the tax years that remain subject to examination by taxing authorities begin with 2017.

Cash and Cash Equivalents

The Conservancy considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Conservancy to concentrations of credit risk include cash on deposit with financial institutions, which are insured for up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or cash and securities at brokerage firms, which are insured for up to \$500,000, with a limit of \$250,000 for cash, by the Securities Investor Protection Corporation (SIPC). The risk is managed by maintaining deposits in high quality financial institutions. The Conservancy's cash accounts exceeded these limits at various times throughout the years ended June 30, 2020 and 2019. Cash at risk at June 30, 2020 and 2019 was \$617,308 and \$520,772, respectively. One of the two investment brokerage houses used by the Conservancy is covered by the SIPC. The brokerage securities at risk at June 30, 2020 and 2019 were \$4,303,534 and \$3,436,986, respectively.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Summary of Significant Accounting Policies – Continued

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of assets, liabilities and net assets – modified cash basis. Gains and losses are recognized when the securities are sold. Unrealized gains and losses are included in the changes in net assets.

Property and Equipment

Property and equipment are carried at cost. Generally, assets costing \$2,500 or more are capitalized. Donated property and equipment are recorded at fair market value on the date of the donation. Depreciation of property and equipment is computed using the straight-line method based upon estimated useful lives, as follows:

| | <u>Depreciation Expense June 30, 2020</u> | <u>Depreciation Expense June 30, 2019</u> | <u>Estimated Useful Life in Years</u> |
|-----------------------------------|---|---|---|
| Building and improvements | \$ 35,224 | \$ 34,169 | 15-39 |
| Transportation equipment | 6,357 | 6,118 | 5 |
| Furniture, fixtures and equipment | <u>5,364</u> | <u>4,911</u> | 3-10 |
| Total | <u>\$ 46,945</u> | <u>\$ 45,198</u> | |

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When assets are disposed of, their costs and accumulated depreciation are removed from the accounts and the resulting gains or losses are credited or charged to operations.

Contributions

The Conservancy also elected to adopt FASB ASC 958-310 in so far as it relates to donations actually received (the modified cash basis of accounting). In accordance with FASB ASC 958-310, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor-imposed restrictions. The administrative costs necessary to operate the related program are not capitalized as land acquisition costs but are recorded as program administration.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, the Conservancy reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Conservancy reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Summary of Significant Accounting Policies – Continued

Payroll Protection Program Loan

The Conservancy has elected to treat the Payroll Protection Program loan as a conditional government grant in accordance with FASB ASC 958-605. Under this guidance, the loan is initially recognized as a refundable advance and the loan is relieved through income on a systematic and rational basis in those periods over which the Conservancy recognizes the expenses that the grant is intended to offset. \$37,866 of the total loan of \$103,407 has been recognized in the current period in the other income section of the statement of support, revenues and expenses and changes in net assets – modified cash basis. The remainder is recorded as refundable advance - PPP loan in the statement of assets, liabilities and net assets – modified cash basis at June 30, 2020. The loan has not yet been forgiven as of the date of the financial statements.

Printing, Advertising and Newsletters

Printing, advertising and newsletters are generally charged to operations in the year incurred and totaled \$41,036 and \$38,947 for the years ended June 30, 2020 and 2019, respectively.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of support, revenues and expenses and changes in net assets – modified cash basis. The statement of functional expenses – modified cash basis presents the natural classification detail of expenses by function. Accordingly, certain costs that benefit more than one function have been allocated among the programs and supporting services based on estimates of time and effort.

Salaries, payroll taxes and employee benefits have been allocated to each function based on a percentage estimate of time and effort spent working within each function of the Conservancy. Printing, advertising and newsletters, insurance, and telephone and utilities are allocated based on estimates of usage amongst each function. All other natural expense categories have been allocated based on direct expenditures incurred.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the current year presentation.

COVID-19 Financial Statement Impacts

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Conservancy is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Conservancy's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Conservancy's donors, employees and programs, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Conservancy's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Adoption of New Accounting Pronouncements

During the year ended June 30, 2020, the Conservancy adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue From Contracts With Customers (Topic 606)*, as amended, which has a deferred effective date for periods beginning after December 15, 2019; however, the Conservancy has elected to adopt as of July 1, 2019, as allowed by ASU 2020-05. This standard improves the usefulness and understandability of the Conservancy's financial reporting as it relates to revenue recognition.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Summary of Significant Accounting Policies – Continued

Adoption of New Accounting Pronouncements – Continued

The Conservancy also adopted the provisions of FASB Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is effective for resource recipients for fiscal years beginning after December 15, 2018. This standard requires evaluation of revenue transactions to determine if they are contributions or exchange transactions and whether a contribution is conditional or unconditional.

Analysis of various provisions of these standards resulted in no significant changes in the way the Conservancy recognizes revenue and, therefore, no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of special event revenue and contributions have been enhanced in accordance with these standards.

During the year ended June 30, 2020, the Conservancy also adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which is effective for fiscal years beginning after December 15, 2018. This standard includes amendments on recognition, measurement, presentation and disclosure of financial instruments.

Liquidity and Availability

The Conservancy regularly monitors liquidity required to meet its operating needs and other contractual commitments. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of assets, liabilities and net assets – modified cash basis dates, comprise the following:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Cash and cash equivalents | \$ 1,018,093 | \$ 804,589 |
| Endowment spending-rate distributions and appropriations | <u>192,464</u> | <u>165,119</u> |
| Total financial assets available within one year | 1,210,557 | 969,708 |
| Less: | | |
| Amounts unavailable for general expenditure within one year: | | |
| Restricted by donors with purpose restrictions | (176,345) | (83,894) |
| Amounts unavailable to management without board approval: | | |
| Board designated for stewardship defense reserves | - | (93,700) |
| Board designated for operations reserves | <u>(205,632)</u> | <u>(188,250)</u> |
| Total financial assets available to management for general expenditure within one year | <u>\$ 828,580</u> | <u>\$ 603,864</u> |

In addition to financial assets available to meet general expenditures over the next 12 months, the Conservancy operates based on a formal budget and regularly monitors the collection of sufficient revenue to cover general expenditures.

Additionally, the Conservancy has board designated net assets without donor restrictions that, while the Conservancy does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Liquidity and Availability – Continued

The Conservancy's endowment funds consist of donor restricted endowments. Income from donor restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. The principal of donor restricted endowment funds is not available for general expenditure. The Conservancy's investment policy allows for an annual spending rate of 5% from endowment funds not subject to donor restrictions as described in the "Endowment Funds" note.

Investments

Fair values and unrealized gains (losses) at June 30 are summarized as follows:

| <u>2020</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Gains (Losses)</u> |
|-------------------------|---------------------|---------------------|--|
| Fixed income securities | \$ 1,132,429 | \$ 1,168,896 | \$ 36,467 |
| Equity securities | 2,753,517 | 3,254,161 | 500,644 |
| Total | <u>\$ 3,885,946</u> | <u>\$ 4,423,057</u> | <u>\$ 537,111</u> |
| <u>2019</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Gains (Losses)</u> |
| Fixed income securities | \$ 528,223 | \$ 529,028 | \$ 805 |
| Equity securities | 2,666,011 | 3,286,852 | 620,841 |
| Total | <u>\$ 3,194,234</u> | <u>\$ 3,815,880</u> | <u>\$ 621,646</u> |

The fair value measurement of investments at June 30, 2020 was as follows:

| <u>Description</u> | <u>June 30, 2020</u> | <u>Fair Value Measurements at Reporting Date Using:</u> | | |
|--------------------|----------------------|---|--|--|
| | | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| Investments | \$ 4,423,057 | \$ 4,423,057 | \$ - | \$ - |

The fair value measurement of investments at June 30, 2019 was as follows:

| <u>Description</u> | <u>June 30, 2019</u> | <u>Fair Value Measurements at Reporting Date Using:</u> | | |
|--------------------|----------------------|---|--|--|
| | | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| Investments | \$ 3,815,880 | \$ 3,815,880 | \$ - | \$ - |

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Investments Held for Resale

At June 30, 2020 and 2019, assets held for resale were comprised of the following:

| | <u>2020</u> | <u>2019</u> |
|-------------|-------------|-------------------|
| Land: Dodge | \$ - | \$ 149,833 |
| Total | <u>\$ -</u> | <u>\$ 149,833</u> |

The Dodge land was purchased by the Conservancy during the 2015-2016 fiscal year. The basis of the Dodge land was increased by \$14,205 for professional fees incurred to acquire and sell the property. As of June 30, 2020, management of the Conservancy no longer intends to sell the Dodge land, as such it has been reclassified and included in land held for conservation in the statements of assets, liabilities and net assets – modified cash basis.

Land Held for Conservation

Land held for conservation as of June 30, 2020 and 2019 consisted of parcels of property owned by the Conservancy for conservation purposes as follows:

| | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|
| Land – Amy’s Park (Padanarum Park) | \$ 555,433 | \$ 555,433 |
| Land – Anthony’s Nose (Eliopolis) | 1,353,347 | 1,353,347 |
| Land – Anthony’s Nose (Access) | 240,536 | 240,536 |
| Land – Bain | 38,845 | 38,845 |
| Land – Beaver Pond | 162,303 | 162,303 |
| Land – Butternut Brook Preserve | 10,000 | 10,000 |
| Land – Cook Mountain (174 acres) | 70,499 | 70,499 |
| Land – Cook Mountain (18 acres) | 26,800 | 26,800 |
| Land – Dodge | 149,833 | - |
| Land – Eagle’s Mare | 544,630 | 544,630 |
| Land – East Brook Preserve | 209,000 | 209,000 |
| Land – Freihofer/Prol | 1,424,786 | 1,424,786 |
| Land – Gull Bay Estates, Inc. | 293,769 | 293,769 |
| Land – Haigh-Knoblock | 81,000 | 81,000 |
| Land – Hughes | 96,932 | - |
| Land – Hunt Lake Tract | 27,518 | 27,518 |
| Land – Kraft | - | 12,091 |
| Land – Last Great Shoreline (Sucker Brook/Gabriel) | 4,299,866 | 4,299,866 |
| Land – Liss | 30,000 | 30,000 |
| Land – Little Roger’s Slide (Adams/Lavin) | 89,714 | 89,714 |
| Land – Loines Preserve | 230,600 | 230,600 |
| Land – Lynn Schumann Preserve at Pilot Knob Ridge | 668,286 | 668,286 |
| Land – Matty’s Mountain | 122,535 | 122,535 |
| Land – Moody | 21,314 | 21,314 |
| Land – Peacock | 133,481 | 133,481 |
| Land – Peggy’s Point (Hague Adirondack Charitable Foundation) | 843,366 | 843,366 |
| Land – Reed | 140,764 | 140,764 |

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Land Held for Conservation – Continued

| | | |
|----------------------------------|----------------------|----------------------|
| Land – Sadlon | 116,737 | 116,737 |
| Land – Saralib | 83,411 | 83,411 |
| Land – SUNY Albany | 86,145 | 86,145 |
| Land – Terzian | 77,482 | 77,482 |
| Land – Twin Pines | 257,950 | - |
| Land – Van Hart | 77,464 | 77,464 |
| Land – Warner Bay | 24,800 | 24,800 |
| Land – Whalen | 39,594 | 39,594 |
| Land – Wilkening | 640,000 | 640,000 |
| Land – Wing Pond | 626,710 | 626,710 |
| French Mountain Easement | 395,197 | 395,197 |
| Guest Easement | 53,958 | 53,958 |
| Haigh Easement | 77,548 | 77,548 |
| Miller/Smith Easement | 113,661 | 113,661 |
| Pinnacle Easement | 245,200 | 245,200 |
| Wallace/Porter Easement | 98,190 | 98,190 |
| West Brook Easement | 703,446 | 703,446 |
| Wilkening Easement | 460,000 | 460,000 |
| | <u>16,042,650</u> | <u>15,550,026</u> |
| Total land held for conservation | <u>\$ 16,042,650</u> | <u>\$ 15,550,026</u> |

The land balances include all costs associated with the property including interest on any related debt. Certain properties and easements were donated. Donated parcels are valued at fair market value on the date of the donation where a fair market value is determinable. The Conservancy holds four easements obtained before 2003, two easements obtained in 2015 and one easement obtained in 2017 that have no value assigned to them. The easements include the following:

- Federal Hill acquired in August 1990
- Silver Bay Upland acquired in December 1997
- Dark Bay Shoreline acquired in January 1998
- IHH Properties acquired in December 2002
- Hague Brook 1 & 2 acquired in March 2015
- Vito Property acquired in December 2017

During the year ended June 30, 2020, management determined that the Kraft land no longer held any value due to an ownership dispute with a neighboring land owner. As such, the Conservancy has recorded an impairment loss in the amount of \$12,091 in the statement of support, revenues and expenses and changes in net assets – modified cash basis.

Endowment Funds

The Board of Directors has determined that the New York Prudent Management of Institutional Funds Act (NYPMIFA), an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), applies to the Conservancy's endowment funds. UPMIFA provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organizations, and UPMIFA imposes additional duties on those who manage and invest charitable funds. These duties provide additional protections for charities and also protect the interests of donors who want to see their contributions used wisely.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Endowment Funds – Continued

As a result of the Board of Director’s interpretation of NYPMIFA, the Conservancy classifies as net assets with donor restrictions (time restricted in perpetuity) the original value of gifts donated to the donor restricted endowment, the original value of subsequent gifts to the donor restricted endowment, and accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The investment objectives of the Conservancy endowment funds are designed to provide long-term growth of principal and a stream of earnings to further the mission of the Conservancy.

Each endowment will be monitored by the Board of Directors of the Conservancy to generate a return of 5% or more, plus inflation over the long term, with a heavy weighting toward equities.

The Conservancy honors the donors’ specific, written restrictions or directives. The endowment distribution policy denies withdrawal of the initial gift, as well as any withdrawals of earnings for the first eighteen months from the date of initial funding. After the initial eighteen-month period, and subject to asset growth, up to 5% of the three-year rolling fund average ending value as of June 30 may be withdrawn in a given year.

Any allowable amount not spent in one year may be carried over and spent in subsequent years. Funds withdrawn may be used for purposes of continuing the mission of the Conservancy with board approval.

From time to time, certain donor restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Conservancy complies with the NYPMIFA, an enacted version of UPMIFA, and has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Conservancy has no underwater endowment funds as of June 30, 2020 and 2019.

Endowment net asset composition by type of funds as of June 30, 2020, is as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|----------------------------|---------------------|
| Donor restricted endowment funds: | | | |
| Required to be maintained in perpetuity | \$ - | \$ 3,561,176 | \$ 3,561,176 |
| Accumulated investment gains | 819,885 | - | 819,885 |
| Total Endowment Funds | <u>\$ 819,885</u> | <u>\$ 3,561,176</u> | <u>\$ 4,381,061</u> |

Endowment net asset composition by type of funds as of June 30, 2019, is as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|----------------------------|---------------------|
| Donor restricted endowment funds: | | | |
| Required to be maintained in perpetuity | \$ - | \$ 3,019,583 | \$ 3,019,583 |
| Accumulated investment gains | 810,917 | - | 810,917 |
| Total Endowment Funds | <u>\$ 810,917</u> | <u>\$ 3,019,583</u> | <u>\$ 3,830,500</u> |

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Endowment Funds – Continued

The changes in, and composition of, endowment net assets for the year ended June 30, 2020, are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|----------------------------|---------------------|
| Endowment Net Assets – Beginning of Year | \$ 810,917 | \$ 3,019,583 | \$ 3,830,500 |
| Contributions | - | 541,593 | 541,593 |
| Investment return, net | 174,085 | - | 174,085 |
| Appropriations | (165,117) | - | (165,117) |
| Total Endowment Funds | <u>\$ 819,885</u> | <u>\$ 3,561,176</u> | <u>\$ 4,381,061</u> |

The changes in, and composition of, endowment net assets for the year ended June 30, 2019, are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|----------------------------------|----------------------------|---------------------|
| Endowment Net Assets – Beginning of Year | \$ 621,562 | \$ 2,719,583 | \$ 3,341,145 |
| Contributions | - | 300,000 | 300,000 |
| Investment return, net | 254,499 | - | 254,499 |
| Appropriations | (65,144) | - | (65,144) |
| Total Endowment Funds | <u>\$ 810,917</u> | <u>\$ 3,019,583</u> | <u>\$ 3,830,500</u> |

Long-Term Debt

Long-term debt consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|
| Due for a parcel of property that was acquired on behalf of New York State using funds borrowed from The Nature Conservancy. Interest accrued at 4% until January 31, 2005. Thereafter, this was a 0% interest loan until the loan was renegotiated on January 2, 2008. Under an agreement dated January 2, 2008, interest accrued at 5% per annum until January 2, 2010, at which time the entire balance was due. A new agreement was signed extending repayment until January 2, 2014 with 0% interest. Under a new, 0% interest, agreement dated January 28, 2015, prior accrued interest is payable annually, on July 1, over the next five years beginning with 2015 with outstanding principal due in full on June 30, 2019. A new agreement, dated June 18, 2019, extended the date of all amounts due in full to August 1, 2019. | \$ - | \$ 172,380 |

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Long-Term Debt – Continued

| | | |
|--|------|-----------|
| Mortgage note payable for the purchase of the SUNY Albany property using funds borrowed from The University at Albany Foundation. Payments in the amount of \$16,600, without interest, are due January 31 annually over the next four years beginning in 2017, secured by the property. | - | 16,600 |
| Mortgage note payable for the purchase of the Wing Pond property using funds borrowed from I. Robert Wolgin. Interest will accrue at 0.5% annually with increasing principal payments due July 1 and December 15 through 2017 and 2018 with the total outstanding principal and accrued interest due December 15, 2018, secured by the property. | - | 3,042 |
| Total long-term debt | - | 192,022 |
| Less: current portion | - | (192,022) |
| Long-term debt, net of current portion | \$ - | \$ - |

Interest expense totaled \$51 and \$3,042 for the years ended June 30, 2020 and 2019, respectively.

Net Assets Without Donor Restrictions

The Conservancy's net assets without donor restrictions is comprised of undesignated and board designated amounts for the following purposes as of June 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| Board designated for operations reserves | \$ 205,632 | \$ 188,250 |
| Board designated for land preservation reserves | 291,153 | 402,034 |
| Board designated for stewardship defense reserves | 132,953 | 93,700 |
| Undesignated | 18,484,854 | 17,791,740 |
| Total Net Assets Without Donor Restrictions | <u>\$ 19,114,592</u> | <u>\$ 18,475,724</u> |

The Conservancy calculates the amount for operations reserves using a formula representing approximately three months of operating expenses.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Subject to expenditure for specified purpose or period: | | |
| Land acquisition | \$ 170,006 | \$ 51,558 |
| Stewardship projects | 11,000 | 36,997 |
| Total subject to expenditure for specified purpose or period | <u>181,006</u> | <u>88,555</u> |
| Endowments subject to the Conservancy's spending policy and appropriations: | | |
| Investment in perpetuity, which once appropriated, is expendable to support general use | <u>3,561,176</u> | <u>3,019,583</u> |
| Total Net Assets With Donor Restrictions | <u>\$ 3,742,182</u> | <u>\$ 3,108,138</u> |

Joint Venture

In approximately 2009, Lake George Land Conservancy, Inc., The Lake George Association, Inc. (an unrelated not-for-profit organization) and The Fund for Lake George, Inc. (an unrelated not-for-profit organization) entered into an agreement related to the purchase of one property called the "Berry Pond Tract" and a conservation easement ("West Brook") in the Village of Lake George to be purchased in the name of the three organizations.

The Lake George Land Conservancy, Inc. was the sole owner of and was responsible for the purchase price and the related debt for the Berry Pond Tract. This tract was sold to New York State on March 28, 2015. The loss on the sale was \$1,341,641. Related debt was repaid at the date of sale.

The loss on the sale of the Berry Pond Tract was comprised of the following:

| | |
|--|-----------------------|
| Sale proceeds | \$ 1,724,000 |
| Original land cost | (2,654,000) |
| Costs to maintain property; including sale costs | <u>(411,641)</u> |
| Loss on Sale | <u>\$ (1,341,641)</u> |

The Conservancy still retains an interest in the West Brook Easement. The value of the West Brook Easement, included in Land Held for Conservation, is \$700,000, which represents one-third of the original cost, plus \$3,446 in related professional fees. Even though the Easement is owned by the three unrelated organizations, The Lake George Association, Inc. and The Fund for Lake George, Inc. were responsible for the debt to acquire the Easement. The debt was paid off in full in May 2016.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Special Event/Program Fees, Net

During the years ended June 30, 2020 and 2019, the Conservancy held several fundraising events. The Conservancy records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Net revenue generated from special events was as follows:

| | <u>2020</u> | <u>2019</u> |
|-----------------------------------|--------------------|--------------------|
| Gross events revenue | \$ 16,264 | \$ 28,931 |
| Expenses relating to events | <u>(59,364)</u> | <u>(47,103)</u> |
| Net revenue generated from events | <u>(43,100)</u> | <u>(18,172)</u> |
| Program fees | 4,239 | - |
| Cost of merchandise sold | <u>(8,912)</u> | <u>-</u> |
| Net program fees | <u>(4,673)</u> | <u>-</u> |
| Special Event/Program Fees, Net | <u>\$ (47,773)</u> | <u>\$ (18,172)</u> |

Contributions received at special events included in the statement of support, revenues and expenses and changes in net assets – modified cash basis totaled \$207,324 and \$229,283 at June 30, 2020 and 2019, respectively.

Lease and Rental Income

The Conservancy leased office space to an unrelated third party from February 1, 2008 through 2011. The lease was renewed during 2012 and ended in January 2014. As of June 30, 2020, a new rental agreement has not been established, but payments continue at the same rate on a month to month basis. Monthly rent is \$800. In addition, a dock is rented to a third party on an annual basis. Rent for this dock was \$2,500 for the years ended June 30, 2020 and 2019. Total lease and rental income was \$12,100 and \$12,100 for the years ended June 30, 2020 and 2019, respectively.

Total cost of the property leased, as well as the cost of property used for program purposes is as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|-------------------|-------------------|
| Land and building | \$ 1,364,354 | \$ 1,364,354 |
| Less: accumulated depreciation | <u>(431,618)</u> | <u>(397,817)</u> |
| Net book value | <u>\$ 932,736</u> | <u>\$ 966,537</u> |

In-Kind Contributions

Professional services and tangible support were donated to the Conservancy in the amount of \$25,740 and \$23,975 for the years ended June 30, 2020 and 2019, respectively. Donations of land and easements totaled \$- and \$24,800 for the years ended June 30, 2020 and 2019, respectively.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2020

(With Comparative Information for 2019)

Related Party Transactions

A board member made a long-term loan to the Conservancy in 2016. The total principal and interest outstanding as of June 30, 2020 and 2019 was \$- and \$3,042, respectively.

Subsequent Events

The Conservancy has evaluated all events through March 26, 2021, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.