

LAKE GEORGE LAND CONSERVANCY, INC.

Independent Auditor's Report

Financial Statements

June 30, 2021

(With Comparative Totals for 2020)



WHITTEMORE, DOWEN
& RICCIARDELLI, LLP

LAKE GEORGE LAND CONSERVANCY, INC.

Table of Contents

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Assets, Liabilities and Net Assets – Modified Cash Basis	3-4
Statement of Support, Revenues and Expenses and Changes in Net Assets – Modified Cash Basis	5
Statement of Functional Expenses – Modified Cash Basis	6
Notes to Financial Statements	7-19



**WHITTEMORE, DOWEN
& RICCIARDELLI, LLP**

333 Aviation Road, Bldg B
Queensbury, NY 12804
Ph: (518)792-0918
Fax: (518)743-0882
www.wdr CPA.com

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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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

January 25, 2022

LAKE GEORGE LAND CONSERVANCY, INC.

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

June 30, 2021 and 2020

ASSETS	2021	2020
Current Assets:		
Cash and cash equivalents	\$ 759,072	\$ 841,748
Cash and cash equivalents - purpose restricted	295,666	176,345
Deposit on land	305,000	-
Total Current Assets	1,359,738	1,018,093
Property and Equipment:		
Land	46,000	46,000
Land improvements	89,141	71,995
Building and improvements	1,318,354	1,318,354
Furniture, fixtures and equipment	91,001	83,227
Vehicles	35,760	35,760
Total Property and Equipment	1,580,256	1,555,336
Less: Accumulated Depreciation	(533,542)	(502,382)
Net Property and Equipment	1,046,714	1,052,954
Other Assets:		
Land held for conservation	16,905,013	16,042,650
Cash and investments for land preservation - purpose restricted	100,270	-
Cash and investments for land preservation	544,346	424,106
Cash - purpose restricted	4,661	4,661
Endowments:		
Stewardship cash - restricted in perpetuity	1,632	1,632
Investment portfolio cash	281,310	245,126
Investment portfolio securities	5,528,933	4,134,303
Security deposit	346	346
Total Other Assets	23,366,511	20,852,824
Total Assets	\$ 25,772,963	\$ 22,923,871

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

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

June 30, 2021 and 2020

LIABILITIES AND NET ASSETS	2021	2020
Current Liabilities:		
Current portion of long-term debt	\$ 151,000	\$ -
Refundable advance - PPP loan	-	65,541
Other	554	756
	151,554	66,297
Total Current Liabilities		
Long-Term Liabilities:		
Security deposit	800	800
	800	800
Total Long-Term Liabilities		
	152,354	67,097
Total Liabilities		
Net Assets:		
Without Donor Restrictions:		
Undesignated	20,456,844	18,484,854
Designated by board of directors	745,596	629,738
	21,202,440	19,114,592
Total Net Assets Without Donor Restrictions		
With Donor Restrictions:		
Restricted for a specific purpose	400,597	181,006
Restricted in perpetuity	4,017,572	3,561,176
	4,418,169	3,742,182
Total Net Assets With Donor Restrictions		
	25,620,609	22,856,774
Total Net Assets		
	\$ 25,772,963	\$ 22,923,871
Total Liabilities and Net Assets	\$ 25,772,963	\$ 22,923,871

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, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Support and Other Revenues:				
Contributions and grants	\$ 583,510	\$ 1,646,352	\$ 2,229,862	\$ 1,957,162
In-Kind Contributions:				
Land and easements	35,000	-	35,000	-
Services and tangible support	19,748	-	19,748	25,740
Special event/program fees, net	(5,301)	-	(5,301)	(47,773)
Rental income	12,750	-	12,750	12,100
Investment return, net	1,333,163	-	1,333,163	189,660
Gain on disposal	-	-	-	6,656
Impairment loss	-	-	-	(12,091)
Other income	65,541	-	65,541	37,866
Net assets released from restriction	970,365	(970,365)	-	-
Total Support and Other Revenues	3,014,776	675,987	3,690,763	2,169,320
Expenses:				
Program Services	587,063	-	587,063	591,323
Support Services:				
Management and general	190,729	-	190,729	177,942
Fundraising	149,136	-	149,136	127,143
Total Support Services	339,865	-	339,865	305,085
Total Expenses	926,928	-	926,928	896,408
Excess of Support and Other Revenues Over Expenses	2,087,848	675,987	2,763,835	1,272,912
Net Assets at Beginning of Year	19,114,592	3,742,182	22,856,774	21,583,862
Net Assets at End of Year	<u>\$ 21,202,440</u>	<u>\$ 4,418,169</u>	<u>\$ 25,620,609</u>	<u>\$ 22,856,774</u>

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Statement of Functional Expenses
Modified Cash Basis

Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>Support Services</u>			2021 Totals	2020 Totals
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 234,240	\$ 94,268	\$ 94,268	\$ 422,776	\$ 404,904
Payroll taxes	18,160	7,778	7,778	33,716	30,636
Employee benefits	37,135	18,999	18,999	75,133	89,535
Total Salaries and Related Expenses	289,535	121,045	121,045	531,625	525,075
Depreciation	38,808	9,564	4,207	52,579	46,945
Donations	9,265	-	-	9,265	6,150
Dues	4,100	837	-	4,937	7,496
Insurance	14,743	4,879	2,146	21,768	22,926
Interest	-	-	-	-	51
Gift shop cost of goods sold	4,903	2,194	-	7,097	8,912
Miscellaneous	353	155	-	508	1,597
Office supplies	1,159	452	199	1,810	2,246
Operating supplies	23,850	9,316	4,099	37,265	29,042
Permits, fees and licenses	9,450	3,627	1,596	14,673	7,715
Postage and shipping	5,529	2,507	950	8,986	8,116
Printing, advertising and newsletters	38,395	4,800	4,799	47,994	41,036
Professional fees	122,732	27,518	7,588	157,838	154,749
Real estate taxes	6,059	208	92	6,359	4,830
Rent	1,100	480	-	1,580	400
Repairs and maintenance	5,692	2,028	892	8,612	20,312
Special events	1,435	-	957	2,392	59,364
Telephone and utilities	6,631	2,543	1,119	10,293	13,010
Training and meetings	1,952	309	-	2,261	1,415
Travel and entertainment	1,440	113	56	1,609	3,241
Website maintenance	6,270	348	348	6,966	56
Total Functional Expenses	593,401	192,923	150,093	936,417	964,684
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	(4,903)	(2,194)	-	(7,097)	(8,912)
Special events	(1,435)	-	(957)	(2,392)	(59,364)
Total Expenses Included in the Expense Section on the Statement of Support, Revenues and Expenses and Changes in Net Assets - Modified Cash Basis	\$ 587,063	\$ 190,729	\$ 149,136	\$ 926,928	\$ 896,408

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Information for 2020)

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, 2020, in the accompanying statements are included to provide a basis for comparison with June 30, 2021, and present summarized totals only. Accordingly, the June 30, 2020, 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, 2021

(With Comparative Information for 2020)

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

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, 2021, 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, 2021, the tax years that remain subject to examination by taxing authorities begin with 2018.

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, 2021 and 2020. Cash at risk at June 30, 2021 and 2020 was \$660,334 and \$617,308, 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, 2021 and 2020 were \$5,923,550 and \$4,303,534, respectively.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Information for 2020)

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:

	Depreciation Expense June 30, 2021	Depreciation Expense June 30, 2020	Estimated Useful Life in Years
Building and improvements	\$ 36,566	\$ 35,224	15-39
Transportation equipment	7,152	6,357	5
Furniture, fixtures and equipment	8,861	5,364	3-10
Total	<u>\$ 52,579</u>	<u>\$ 46,945</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.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Information for 2020)

Summary of Significant Accounting Policies – Continued

Contributions – Continued

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.

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. \$65,541 and \$37,866 of the total loan of \$103,407 have been recognized in the other income section of the statement of support, revenues and expenses and changes in net assets – modified cash basis as of June 30, 2021 and 2020, respectively. The loan had been forgiven in full as of April 16, 2021.

Printing, Advertising and Newsletters

Printing, advertising and newsletters are generally charged to operations in the year incurred and totaled \$47,994 and \$41,036 for the years ended June 30, 2021 and 2020, 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.

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, 2021, the Conservancy adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, which is effective for fiscal years beginning after December 15, 2019. This standard provides financial statement users with information about assets and liabilities measured at fair value in the financial statements.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Information for 2020)

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,054,738	\$ 1,018,093
Deposit on land	305,000	-
Endowment spending-rate distributions and appropriations	<u>233,642</u>	<u>192,464</u>
 Total financial assets available within one year	 1,593,380	 1,210,557
 Less:		
Amounts unavailable for general expenditure within one year:		
Restricted by donors with purpose restrictions	(295,666)	(176,345)
Amounts unavailable to management without board approval:		
Board designated for operations reserves	<u>(201,249)</u>	<u>(205,632)</u>
 Total financial assets available to management for general expenditure within one year	 <u>\$ 1,096,465</u>	 <u>\$ 828,580</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.

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.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Information for 2020)

Investments

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

<u>2021</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Fixed income securities	\$ 1,310,822	\$ 1,336,129	\$ 25,307
Equity securities	3,187,462	4,801,740	1,614,278
Total	<u>\$ 4,498,284</u>	<u>\$ 6,137,869</u>	<u>\$ 1,639,585</u>
<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>

The fair value measurement of investments at June 30, 2021 was as follows:

<u>Description</u>	<u>2021</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	\$ 6,137,869	\$ 6,137,869	\$ -	\$ -

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

<u>Description</u>	<u>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	\$ -	\$ -

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Information for 2020)

Land Held for Conservation

Land held for conservation as of June 30, 2021 and 2020 consisted of parcels of property owned by the Conservancy for conservation purposes as follows:

	2021	2020
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 – Bartlett	63,655	-
Land – Beaver Pond	162,303	162,303
Land – Bradleys	387,241	-
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	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	96,932
Land – Hunt Lake Tract	27,518	27,518
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 – McPhillips	137,982	-
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
Land – Rota	273,485	-
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	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

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Information for 2020)

Land Held for Conservation – Continued

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> </u>	<u> </u>
Total land held for conservation	<u>\$ 16,905,013</u>	<u>\$ 16,042,650</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.

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.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Information for 2020)

Endowment Funds – Continued

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, 2021 and 2020.

Endowment net asset composition by type of funds as of June 30, 2021, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment fund:			
Required to be maintained in perpetuity	\$ -	\$ 4,017,572	\$ 4,017,572
Accumulated investment gains	1,794,303	-	1,794,303
	<u>\$ 1,794,303</u>	<u>\$ 4,017,572</u>	<u>\$ 5,811,875</u>

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 fund:			
Required to be maintained in perpetuity	\$ -	\$ 3,561,176	\$ 3,561,176
Accumulated investment gains	819,885	-	819,885
	<u>\$ 819,885</u>	<u>\$ 3,561,176</u>	<u>\$ 4,381,061</u>

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Information for 2020)

Endowment Funds – Continued

The changes in, and composition of, endowment net assets for the year ended June 30, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 819,885	\$ 3,561,176	\$ 4,381,061
Contributions and transfers	21,663	456,396	478,059
Investment return, net	1,236,617	-	1,236,617
Appropriations	(283,862)	-	(283,862)
Endowment Net Assets - End of Year	<u>\$ 1,794,303</u>	<u>\$ 4,017,572</u>	<u>\$ 5,811,875</u>

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 and transfers	-	541,593	541,593
Investment return, net	174,085	-	174,085
Appropriations	(165,117)	-	(165,117)
Endowment Net Assets - End of Year	<u>\$ 819,885</u>	<u>\$ 3,561,176</u>	<u>\$ 4,381,061</u>

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, 2021 and 2020:

	2021	2020
Board designated for operations reserves	\$ 201,249	\$ 205,632
Board designated for land preservation reserves	387,038	291,153
Board designated for stewardship defense reserves	157,309	132,953
Undesignated	<u>20,456,844</u>	<u>18,484,854</u>
Total Net Assets Without Donor Restrictions	<u>\$ 21,202,440</u>	<u>\$ 19,114,592</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, 2021

(With Comparative Information for 2020)

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose or period:		
Land acquisition	\$ 397,597	\$ 170,006
Stewardship projects	<u>3,000</u>	<u>11,000</u>
Total subject to expenditure for specified purpose or period	400,597	181,006
Endowments subject to the Conservancy's spending policy and appropriations:		
Investment in perpetuity, which once appropriated, is expendable to support general use	<u>4,017,572</u>	<u>3,561,176</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 4,418,169</u></u>	<u><u>\$ 3,742,182</u></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><u>\$ (1,341,641)</u></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, 2021

(With Comparative Information for 2020)

Special Event/Program Fees, Net

During the years ended June 30, 2021 and 2020, 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>2021</u>	<u>2020</u>
Gross events revenue	\$ 1,194	\$ 16,264
Expenses relating to events	<u>(2,392)</u>	<u>(59,364)</u>
Net revenue generated from events	<u>(1,198)</u>	<u>(43,100)</u>
Program fees	2,994	4,239
Cost of merchandise sold	<u>(7,097)</u>	<u>(8,912)</u>
Net program fees	<u>(4,103)</u>	<u>(4,673)</u>
Special Events/Program Fees, Net	<u>\$ (5,301)</u>	<u>\$ (47,773)</u>

Contributions received at special events included in the statement of support, revenues and expenses and changes in net assets – modified cash basis totaled \$169,663 and \$207,324 at June 30, 2021 and 2020, 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, 2021, 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, 2021 and 2020. Total lease and rental income was \$12,750 and \$12,100 for the years ended June 30, 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
Land and building	\$ 1,364,354	\$ 1,364,354
Less: accumulated depreciation	<u>(465,426)</u>	<u>(431,618)</u>
Net book value	<u>\$ 898,928</u>	<u>\$ 932,736</u>

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2021

(With Comparative Information for 2020)

In-Kind Contributions

Professional services and tangible support were donated to the Conservancy in the amount of \$19,748 and \$25,740 for the years ended June 30, 2021 and 2020, respectively. Donations of land and easements totaled \$35,000 and \$- for the years ended June 30, 2021 and 2020, respectively.

Subsequent Events

The Conservancy has evaluated all events through January 25, 2022, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.