

LAKE GEORGE LAND CONSERVANCY, INC.

Independent Auditor's Report

Financial Statements

June 30, 2022

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 financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake George Land Conservancy, Inc. as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lake George Land Conservancy, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake George Land Conservancy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lake George Land Conservancy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake George Land Conservancy, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP
Queensbury, New York

April 28, 2023

LAKE GEORGE LAND CONSERVANCY, INC.

Statement of Financial Position

June 30, 2022

ASSETS

Current Assets:

Cash and cash equivalents - without restrictions	\$ 923,562
Cash and cash equivalents - purpose restricted	558,038
Prepaid expenses	33,036
Due from employee	<u>793</u>

Total Current Assets	<u>1,515,429</u>
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Property and Equipment:

Land	46,000
Land improvements	95,291
Building and improvements	1,318,354
Furniture, fixtures and equipment	91,001
Vehicles	<u>35,760</u>

Total Property and Equipment	1,586,406
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Less: Accumulated Depreciation	<u>(588,487)</u>
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Net Property and Equipment	<u>997,919</u>
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Other Assets:

Land held for conservation	21,608,359
Cash for land preservation	438,426
Investments for land preservation	204,045
Cash - purpose restricted	2,991
Endowments:	
Cash - purpose restricted	248,216
Investments - purpose restricted	4,976,730
Security deposit	<u>346</u>

Total Other Assets	<u>27,479,113</u>
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Total Assets	<u><u>\$ 29,992,461</u></u>
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See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Statement of Financial Position

June 30, 2022

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 33,711
Accrued expenses	34,512
Deferred revenue	61,905
Current portion of long-term debt	<u>250,000</u>
Total Current Liabilities	<u>380,128</u>
Long-Term Liabilities:	
Long-term debt, net of current portion	2,700,000
Security deposit	<u>800</u>
Total Long-Term Liabilities	<u>2,700,800</u>
Total Liabilities	<u>3,080,928</u>
Net Assets:	
Without Donor Restrictions:	
Undesignated	20,155,079
Designated by board of directors	<u>2,087,853</u>
Total Net Assets Without Donor Restrictions	<u>22,242,932</u>
With Donor Restrictions:	
Restricted for a specific purpose	561,029
Restricted in perpetuity	<u>4,107,572</u>
Total Net Assets With Donor Restrictions	<u>4,668,601</u>
Total Net Assets	<u>26,911,533</u>
Total Liabilities and Net Assets	<u><u>\$ 29,992,461</u></u>

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Statement of Activities

Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Other Revenues:			
Contributions and grants	\$ 2,436,283	\$ 585,476	\$ 3,021,759
Contributions of Nonfinancial Assets:			
Services and tangible support	16,109	-	16,109
Special event/program fees, net	(38,974)	-	(38,974)
Rental income	9,800	-	9,800
Investment return, net	(678,906)	-	(678,906)
Net assets released from restriction	<u>335,044</u>	<u>(335,044)</u>	<u>-</u>
Total Support and Other Revenues	<u>2,079,356</u>	<u>250,432</u>	<u>2,329,788</u>
Expenses:			
Program Services	<u>660,618</u>	<u>-</u>	<u>660,618</u>
Support Services:			
Management and general	191,496	-	191,496
Fundraising	<u>116,334</u>	<u>-</u>	<u>116,334</u>
Total Support Services	<u>307,830</u>	<u>-</u>	<u>307,830</u>
Total Expenses	<u>968,448</u>	<u>-</u>	<u>968,448</u>
Excess of Support and Other Revenues Over Expenses	1,110,908	250,432	1,361,340
Net Assets at Beginning of Year	<u>21,132,024</u>	<u>4,418,169</u>	<u>25,550,193</u>
Net Assets at End of Year	<u>\$ 22,242,932</u>	<u>\$ 4,668,601</u>	<u>\$ 26,911,533</u>

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Statement of Functional Expenses

Year Ended June 30, 2022

	<u>Support Services</u>			Totals
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 292,321	\$ 67,688	\$ 67,688	\$ 427,697
Payroll taxes	22,467	5,645	5,645	33,757
Employee benefits	35,711	17,187	15,550	68,448
Total Salaries and Related Expenses	350,499	90,520	88,883	529,902
Depreciation	38,928	11,101	4,916	54,945
Donations	1,860	-	-	1,860
Dues	1,025	1,162	3,000	5,187
Insurance	15,643	6,111	2,706	24,460
Gift shop cost of goods sold	5,879	4,109	-	9,988
Miscellaneous	-	880	-	880
Office supplies	-	1,767	381	2,148
Operating supplies	31,502	7,583	1,900	40,985
Permits, fees and licenses	300	6,151	-	6,451
Postage and shipping	4,857	4,493	317	9,667
Printing, advertising and newsletters	32,341	19,918	9,368	61,627
Professional fees	118,499	28,625	3,500	150,624
Real estate taxes	11,633	684	-	12,317
Rent	-	480	-	480
Repairs and maintenance	40,520	4,124	-	44,644
Special events	9,653	1,432	21,287	32,372
Telephone and utilities	8,078	3,098	1,363	12,539
Training and meetings	1,010	140	-	1,150
Travel and entertainment	604	880	-	1,484
Website maintenance	3,319	3,779	-	7,098
Total Functional Expenses	676,150	197,037	137,621	1,010,808
Less: expenses included with support and other revenues on the statement of activities				
Gift shop cost of goods sold	(5,879)	(4,109)	-	(9,988)
Special events	(9,653)	(1,432)	(21,287)	(32,372)
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 660,618	\$ 191,496	\$ 116,334	\$ 968,448

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Statement of Cash Flows

June 30, 2022

Cash Flows From Operating Activities:	
Increase in Net Assets	\$ 1,361,340
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation	54,945
Net realized and unrealized (gain) loss on investments	803,926
(Increase) Decrease in:	
Due from employee	(793)
Prepaid expenses	(16,357)
Deposit on land	305,000
Increase (Decrease) in:	
Accounts payable	8,708
Accrued expenses	(4,834)
Deferred revenue	38,605
	<u>2,550,540</u>
Net Cash Provided (Used) by Operating Activities	
Cash Flows From Investing Activities:	
Acquisition of conservation lands	(1,753,346)
Proceeds from sale of investments	673,597
Investments purchased	(520,429)
Capital expenditures	(6,150)
	<u>(1,606,328)</u>
Net Cash Provided (Used) by Investing Activities	
Cash Flows From Financing Activities:	
Payment on long-term debt	(151,000)
	<u>(151,000)</u>
Net Cash Provided (Used) by Financing Activities	
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	793,212
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>1,376,389</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>\$ 2,169,601</u>
Supplemental Disclosures of Cash Flow Information:	
Non-Cash Investing and Financing Transactions:	
Conservation lands additions	\$ (4,703,346)
Amount financed	2,950,000
	<u>\$ (1,753,346)</u>
Net cash transactions	

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2022

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 accounting policies generally accepted in the United States of America 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.

Change in Method of Accounting

During fiscal year 2021, management adopted a policy of preparing its financial statements on the accrual basis of accounting. Prior to fiscal year 2021, the Conservancy's financial statements were prepared in accordance with the modified cash basis of accounting. Management believes that this change results in more relevant financial reporting considering the needs of the users of the financial statements. The fiscal year 2021 financial statements were restated to be on the accrual basis of accounting.

Financial Statement Presentation

Financial statement presentation follows FASB ASC 958-205. Under FASB ASC 958-205, 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.

Use of Estimates

The presentation of financial statements in accordance 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2022

Summary of Significant Accounting Policies – Continued

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, 2022, 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, 2022, the tax years that remain subject to examination by taxing authorities begin with 2019.

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 year ended June 30, 2022. Cash at risk at June 30, 2022 was \$603,277. One of the two investment brokerage houses used by the Conservancy is covered by the SIPC. The brokerage securities at risk at June 30, 2022 totaled \$5,275,783.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Gains and losses are recognized when the securities are sold. Unrealized gains and losses are included in the changes in net assets.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2022

Summary of Significant Accounting Policies – Continued

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 <u>June 30, 2022</u>	Estimated Useful Life <u>in Years</u>
Building and improvements	\$ 37,162	15-39
Transportation equipment	7,152	5
Furniture, fixtures and equipment	<u>10,631</u>	3-10
Total	<u>\$ 54,945</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.

Revenue Recognition

The Conservancy recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is those which a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Conservancy records special event revenue equal to the fair value of direct benefit to donors when the event takes place, and contribution revenue for the excess when received.

Contributions

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. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are recorded as net assets without donor restrictions.

Contributed Nonfinancial Assets

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.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2022

Summary of Significant Accounting Policies – Continued

Contributed Nonfinancial Assets – Continued

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.

Printing, Advertising and Newsletters

Printing, advertising and newsletters are generally charged to operations in the year incurred and totaled \$61,627 for the year ended June 30, 2022.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses 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.

Adoption of New Accounting Pronouncements

During the year ended June 30, 2022, the Conservancy adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is effective for fiscal years beginning after June 15, 2021. This standard requires contributed nonfinancial assets to be reported separate from cash and other financial assets in the statement of activities and also expanded disclosures in the notes to the financial statements.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2022

Cash and Cash Equivalents

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows at June 30, 2022.

Cash and cash equivalents, without restriction, current	\$ 923,562
Cash and cash equivalents - purpose restricted, current	558,038
Cash for land preservation, non-current	438,426
Cash - purpose restricted, non-current	2,991
Endowments:	
Cash - purpose restricted, non-current	<u>248,216</u>
 Total cash, cash equivalents, and restricted cash	 <u><u>\$ 2,171,233</u></u>

Amounts included in restricted cash and cash equivalents represent those required to be set aside for donor restricted purposes in relation to land acquisition and stewardship projects as well as cash received with a donor imposed restriction that limits use of that cash to long-term purposes.

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 statement of financial position date, comprise the following as of June 30, 2022:

Cash and cash equivalents	\$ 1,481,600
Prepaid expenses	33,036
Due from employee	793
Endowment spending-rate distributions and appropriations	<u>257,223</u>
 Total financial assets available within one year	 1,772,652
Less:	
Amounts unavailable for general expenditure within one year:	
Restricted by donors with purpose restrictions	(558,038)
Amounts unavailable to management without board approval:	
Board designated for operations reserves	<u>(243,008)</u>
 Total financial assets available to management for general expenditure within one year	 <u><u>\$ 971,606</u></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.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2022

Liquidity and Availability – Continued

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 for the Virginia Rowan Smith and High Mountain endowment funds allows for an annual spending rate of 5% and the George C. Singer Educational endowment fund allows for an annual spending rate of 4%, 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, 2022 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Fixed income securities	\$ 1,393,281	\$ 1,295,675	\$ (97,606)
Equity securities	<u>3,141,799</u>	<u>3,885,101</u>	<u>743,302</u>
Total	<u>\$ 4,535,080</u>	<u>\$ 5,180,776</u>	<u>\$ 645,696</u>

The fair value measurement of investments at June 30, 2022 was as follows:

<u>Description</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	\$ 5,180,776	\$ 5,180,776	\$ -

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2022

Land Held for Conservation

Land held for conservation as of June 30, 2022, consisted of parcels of property owned by the Conservancy for conservation purposes as follows:

Land – Amy’s Park (Padanarum Park)	\$	555,433
Land – Anthony’s Nose (Eliopolis)		1,353,347
Land – Anthony’s Nose (Access)		240,536
Land – Bain		38,845
Land – Bartlett		63,655
Land – Beaver Pond		162,303
Land – Bradleys		387,241
Land – Butternut Brook Preserve		10,000
Land – Clark Hollow Bay		4,552,112
Land – Cook Mountain (174 acres)		70,499
Land – Cook Mountain (18 acres)		26,800
Land – Dodge		149,833
Land – Eagle’s Mare		544,630
Land – East Brook Preserve		209,000
Land – Freihofer/Prol		1,424,786
Land – Gull Bay Estates, Inc.		293,769
Land – Haigh-Knoblock		81,000
Land – Hughes		96,932
Land – Hunt Lake Tract		27,518
Land – Last Great Shoreline (Sucker Brook/Gabriel)		4,299,866
Land – Liss		30,000
Land – Little Roger’s Slide (Adams/Lavin)		89,714
Land – Loines Preserve		230,600
Land – Lynn Schumann Preserve at Pilot Knob Ridge		668,286
Land – Matty’s Mountain		122,535
Land – McPhillips		137,982
Land – Moody		21,314
Land – Peacock		133,481
Land – Peggy’s Point (Hague Adirondack Charitable Foundation)		843,366
Land – Reed		140,764
Land – Rota		273,485
Land – Sadlon		116,737
Land – Saralib		83,411
Land – SUNY Albany		86,145
Land – Terzian		77,482
Land – Twin Pines		257,950
Land – Van Hart		77,464
Land – Warner Bay		24,800
Land – Whalen		39,594
Land – Wilkening		640,000
Land – Wing Pond		626,710

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2022

Land Held for Conservation – Continued

French Mountain Easement	395,197
Guest Easement	53,958
Haigh Easement	77,548
Miller/Smith Easement	113,661
Pinnacle Easement	245,200
Saddlebrook Easement	151,234
Wallace/Porter Easement	98,190
West Brook Easement	703,446
Wilkening Easement	<u>460,000</u>
Total land held for conservation	<u>\$ 21,608,359</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

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.

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.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2022

Endowment Funds – Continued

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 4-5% 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, 2022.

Endowment net asset composition by type of funds as of June 30, 2022, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment fund:			
Required to be maintained in perpetuity	\$ -	\$ 4,107,572	\$ 4,107,572
Accumulated investment gains	1,117,374	-	1,117,374
Total Endowment Funds	<u>\$ 1,117,374</u>	<u>\$ 4,107,572</u>	<u>\$ 5,224,946</u>

The changes in, and composition of, endowment net assets for the year ended June 30, 2022, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ 1,794,303	\$ 4,017,572	\$ 5,811,875
Contributions and transfers	-	90,000	90,000
Investment return, net	(676,929)	-	(676,929)
Appropriations	-	-	-
Endowment Net Assets - End of Year	<u>\$ 1,117,374</u>	<u>\$ 4,107,572</u>	<u>\$ 5,224,946</u>

Deferred Revenue

Tickets for the annual Land and Water Conservation Celebration gala are available for purchase prior to the event, which is generally held in July. As such, the prepayments received relating to the benefit received by the donor are recorded as deferred revenue and are recognized as revenue as of the date of the event. Various grant funds were paid as an advance to be used for specific projects and programs. The Conservancy is liable to refund such advances if funds are not used in full as specified by grant agreements. Grant revenue is recognized at the time the expense is incurred.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2022

Deferred Revenue – Continued

The following table provides information about the revenue recognized as of June 30, 2022.

	Deferred Revenue July 01, 2021	Revenue Recognized	Increase in Deferred Revenue	Deferred Revenue June 30, 2022
Land and Water				
Conservation Celebration	\$ -	\$ -	\$ 20,880	\$ 20,880
Grants	23,300	(27,405)	45,130	41,025
	<u>\$ 23,300</u>	<u>\$ (27,405)</u>	<u>\$ 66,010</u>	<u>\$ 61,905</u>

Notes Payable

In 2022, the Conservancy entered into a 24-month mortgage agreement for the purchases of land. Interest at a rate of 4% is payable quarterly with semi-annual principal payments of \$125,000 due until maturity at June 2024. There is no penalty for prepayment.

	<u>\$ 2,950,000</u>
Total long-term debt	2,950,000
Less: current portion	<u>(250,000)</u>
Long-term debt, net of current portion	<u>\$ 2,700,000</u>

Maturities of notes payable is as follows:

Years ending	
June 30,	
2023	\$ 250,000
2024	<u>2,700,000</u>
Total	<u>\$ 2,950,000</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, 2022:

Board designated for operations reserves	\$ 243,008
Board designated for land preservation reserves	1,599,617
Board designated for stewardship defense reserves	245,228
Undesignated	<u>20,155,079</u>
Total Net Assets Without Donor Restrictions	<u>\$ 22,242,932</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, 2022

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2022:

Subject to expenditure for specified purpose or period:	
Land acquisition	\$ 537,281
Education	6,000
Stewardship projects	<u>17,748</u>
Total subject to expenditure for specified purpose or period	561,029
Endowments subject to the Conservancy's spending policy and appropriations:	
Investment in perpetuity, which once appropriated, is expendable to support general use	<u>4,107,572</u>
Total Net Assets With Donor Restrictions	<u>\$ 4,668,601</u>

Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors. Net assets released from restrictions at June 30, 2022 are as follows:

Purpose or period restrictions accomplished:	
Land acquisition	<u>\$ 335,044</u>
Net assets released from restrictions	<u>\$ 335,044</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>

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2022

Joint Venture – Continued

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.

Contributions of Nonfinancial Assets

During the year ended June 30, 2022, the Conservancy received contributed nonfinancial assets, recognized within the statement of activities, consisting of professional services and tangible support in the amount of \$16,109. Professional services were recorded at the cost at which they were offered for sale if purchased and were utilized by the Conservancy during the year. Contributions of nonfinancial assets relating to special events consisted primarily of items to be given away and were recorded at their fair market value at the date of donation. Merchandise was recorded at fair market value at the date of donation and is intended to be offered for resale.

Special Event/Program Fees, Net

During the year ended June 30, 2022, 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:

Gross events revenue	\$ 683
Expenses relating to events	<u>(32,372)</u>
Net revenue generated from events	<u>(31,689)</u>
Program fees	2,703
Cost of merchandise sold	<u>(9,988)</u>
Net program fees	<u>(7,285)</u>
Special Events/Program Fees, Net	<u><u>\$ (38,974)</u></u>

Contributions received at special events included in the statement of activities totaled \$188,861 at June 30, 2022.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2022

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, 2022, 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 year ended June 30, 2022. Total lease and rental income was \$9,800 for the year ended June 30, 2022.

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

Land and building	\$ 1,364,354
Less: accumulated depreciation	<u>(499,230)</u>
Net book value	<u>\$ 865,124</u>

Subsequent Events

The Conservancy has evaluated all events through April 28, 2023, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.