

LAKE GEORGE LAND CONSERVANCY, INC.

Independent Auditor's Report

Financial Statements

June 30, 2023

(With Comparative Totals for 2022)



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.

Opinion

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, 2023, 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, 2023, 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.

Report on Summarized Comparative Information

We have previously audited Lake George Land Conservancy, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Whittemore, Dowen & Ricciardelli, LLP

Whittemore, Dowen & Ricciardelli, LLP
Queensbury, New York

March 18, 2024

LAKE GEORGE LAND CONSERVANCY, INC.

Statements of Financial Position

June 30, 2023 and 2022

ASSETS	2023	2022
Current Assets:		
Cash and cash equivalents - without restrictions	\$ 2,083,187	\$ 923,562
Cash and cash equivalents - purpose restricted	347,465	558,038
Prepaid expenses	41,602	33,036
Rent and other receivable	2,485	-
Grants receivable	2,795,044	-
Due from employee	-	793
Deposits on land	11,000	-
	5,280,783	1,515,429
Property and Equipment:		
Land	46,000	46,000
Land improvements	105,077	95,291
Building and improvements	1,318,354	1,318,354
Furniture, fixtures and equipment	91,001	91,001
Vehicles	35,760	35,760
	1,596,192	1,586,406
Less: Accumulated Depreciation	(643,208)	(588,487)
	952,984	997,919
Other Assets:		
Land held for conservation	21,805,275	21,608,359
Stewardship		
Cash for stewardship	106,438	-
Investment for stewardship	164,812	160,228
Land Protection		
Cash for land protection	782,094	438,426
Investments for land protection	52,379	43,817
Cash - purpose restricted	8,991	2,991
Endowments:		
Cash - purpose restricted	111,014	248,216
Investments - purpose restricted	6,332,784	4,976,730
Security deposit	346	346
	29,364,133	27,479,113
Total Assets	\$ 35,597,900	\$ 29,992,461

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Statements of Financial Position

June 30, 2023 and 2022

LIABILITIES AND NET ASSETS	2023	2022
Current Liabilities:		
Accounts payable	\$ 46,179	\$ 33,711
Accrued expenses	33,590	34,512
Deferred revenue	106,626	61,905
Current portion of long-term debt	2,500,000	250,000
Total Current Liabilities	2,686,395	380,128
Long-Term Liabilities:		
Long-term debt, net of current portion	-	2,700,000
Security deposit	800	800
Total Long-Term Liabilities	800	2,700,800
Total Liabilities	2,687,195	3,080,928
Net Assets:		
Without Donor Restrictions:		
Undesignated	24,756,221	20,155,079
Designated by board of directors	3,040,456	2,087,853
Total Net Assets Without Donor Restrictions	27,796,677	22,242,932
With Donor Restrictions:		
Restricted for a specific purpose	356,456	561,029
Restricted in perpetuity	4,757,572	4,107,572
Total Net Assets With Donor Restrictions	5,114,028	4,668,601
Total Net Assets	32,910,705	26,911,533
Total Liabilities and Net Assets	\$ 35,597,900	\$ 29,992,461

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Statement of Activities

Year Ended June 30, 2023
(With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Support and Other Revenues:				
Contributions and grants	\$ 5,616,297	\$ 929,453	\$ 6,545,750	\$ 3,021,759
Contributions of Nonfinancial Assets:				
Services and tangible support	26,061	-	26,061	16,109
Special event, program fees and merchandise sales, net	(62,489)	-	(62,489)	(38,974)
Rental income	12,000	-	12,000	9,800
Investment return, net	612,919	-	612,919	(678,906)
Net assets released from restriction	484,026	(484,026)	-	-
Total Support and Other Revenues	6,688,814	445,427	7,134,241	2,329,788
Expenses:				
Program Services	843,617	-	843,617	660,618
Support Services:				
Management and general	184,293	-	184,293	191,496
Fundraising	107,159	-	107,159	116,334
Total Support Services	291,452	-	291,452	307,830
Total Expenses	1,135,069	-	1,135,069	968,448
Excess of Support and Other Revenues Over Expenses	5,553,745	445,427	5,999,172	1,361,340
Net Assets at Beginning of Year	22,242,932	4,668,601	26,911,533	25,550,193
Net Assets at End of Year	<u>\$ 27,796,677</u>	<u>\$ 5,114,028</u>	<u>\$ 32,910,705</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, 2023
(With Comparative Totals for 2022)

	<u>Support Services</u>			2023 Totals	2022 Totals
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 372,972	\$ 76,990	\$ 69,818	\$ 519,780	\$ 427,697
Payroll taxes	29,019	6,016	5,580	40,615	33,757
Employee benefits	55,472	21,165	6,437	83,074	68,448
Total Salaries and Related Expenses	457,463	104,171	81,835	643,469	529,902
Depreciation	41,595	7,438	5,688	54,721	54,945
Donations	1,050	255	195	1,500	1,860
Dues	4,160	1,010	773	5,943	5,187
Gift shop cost of goods sold	16,286	4,089	-	20,375	9,988
Insurance	17,587	4,271	3,266	25,124	24,460
Interest	104,500	-	-	104,500	-
Miscellaneous	1,423	346	265	2,034	880
Office supplies	302	1,619	880	2,801	2,148
Operating supplies	25,382	18,287	1,001	44,670	40,985
Permits, fees and licenses	200	8,529	-	8,729	6,451
Postage and shipping	8,048	4,212	238	12,498	9,667
Printing, advertising and newsletters	59,593	11,137	5,965	76,695	61,627
Professional fees	62,387	13,287	4,738	80,412	150,624
Real estate taxes	28,184	688	-	28,872	12,317
Rent	-	280	-	280	480
Repairs and maintenance	17,010	4,483	-	21,493	44,644
Special events	28,917	1,304	53,441	83,662	32,372
Telephone and utilities	7,718	3,015	1,326	12,059	12,539
Training and meetings	2,515	557	426	3,498	1,150
Travel and entertainment	2,805	614	469	3,888	1,484
Website maintenance	1,695	94	94	1,883	7,098
Total Functional Expenses	888,820	189,686	160,600	1,239,106	1,010,808
Less: expenses included with support and other revenues on the statement of activities					
Gift shop cost of goods sold	(16,286)	(4,089)	-	(20,375)	(9,988)
Special events	(28,917)	(1,304)	(53,441)	(83,662)	(32,372)
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 843,617	\$ 184,293	\$ 107,159	\$ 1,135,069	\$ 968,448

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Increase in Net Assets	\$ 5,999,172	\$ 1,361,340
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	54,721	54,945
Net realized and unrealized (gain) loss on investments	(431,219)	803,926
(Increase) Decrease in:		
Due from employee	793	(793)
Prepaid expenses	(8,566)	(16,357)
Deposits on land	(11,000)	305,000
Rent and other receivable	(2,485)	-
Grants receivable	(2,795,044)	-
Increase (Decrease) in:		
Accounts payable	12,468	8,708
Accrued expenses	(922)	(4,834)
Deferred revenue	44,721	38,605
Net Cash Provided (Used) by Operating Activities	<u>2,862,639</u>	<u>2,550,540</u>
Cash Flows From Investing Activities:		
Acquisition of conservation lands	(196,916)	(1,753,346)
Proceeds from sale of investments	243,060	673,597
Investments purchased	(1,181,041)	(520,429)
Capital expenditures	(9,786)	(6,150)
Net Cash Provided (Used) by Investing Activities	<u>(1,144,683)</u>	<u>(1,606,328)</u>
Cash Flows From Financing Activities:		
Payment on long-term debt	(450,000)	(151,000)
Net Cash Provided (Used) by Financing Activities	<u>(450,000)</u>	<u>(151,000)</u>
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	1,267,956	793,212
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>2,171,233</u>	<u>1,378,021</u>
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>\$ 3,439,189</u>	<u>\$ 2,171,233</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	<u>\$ 104,500</u>	<u>\$ -</u>
Non-Cash Investing and Financing Transactions:		
Conservation lands additions	\$ (196,916)	\$ (4,703,346)
Amount financed	<u>-</u>	<u>2,950,000</u>
Net cash transactions	<u>\$ (196,916)</u>	<u>\$ (1,753,346)</u>

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2023

(With Comparative Information for 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.

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.

The amounts for June 30, 2022, in the accompanying statements are included to provide a basis for comparison with June 30, 2023, and present summarized totals only. Accordingly, the June 30, 2022, 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.

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, 2023

(With Comparative Information for 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, 2023, 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, 2023, the tax years that remain subject to examination by taxing authorities begin with 2020.

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, 2023 and 2022. Cash at risk at June 30, 2023 and 2022 were \$1,271,309 and \$603,277, 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, 2023 and 2022 were \$6,679,717 and \$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 statements 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, 2023

(With Comparative Information for 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, 2023</u>	Depreciation Expense <u>June 30, 2022</u>	Estimated Useful Life in Years
Building and improvements	\$ 37,621	\$ 37,162	15-39
Vehicles	7,152	7,152	5
Furniture, fixtures and equipment	<u>9,948</u>	<u>10,631</u>	3-10
Total	<u>\$ 54,721</u>	<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.

Leases

The Conservancy determines whether an arrangement is, or contains, a lease at the lease's inception. Under ASC 842, a contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in right-of-use (ROU) assets, current portion of lease liabilities, and lease liabilities, net of current portion in the statements of financial position. Finance leases are included in property and equipment, current portion of long-term debt, and long-term debt, net of current portion in the statements of financial position.

Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of the future minimum lease payments over the lease term. The Conservancy uses the implicit rate when it is readily determinable. If a lease does not provide an implicit rate, to determine the present value of lease payments, management uses a risk-free rate based on a rate for Treasury investments of a similar period as the length of the lease. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Conservancy's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Conservancy will exercise the option.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2023

(With Comparative Information for 2022)

Summary of Significant Accounting Policies – Continued

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 marketable securities, 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.

Printing, Advertising and Newsletters

Printing, advertising and newsletters are generally charged to operations in the year incurred and totaled \$76,695 and \$61,627 for the years ended June 30, 2023 and 2022, respectively.

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.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2023

(With Comparative Information for 2022)

Summary of Significant Accounting Policies – Continued

Adoption of New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2021-05, *Leases (Topic 842): Lessors – Certain Leases With Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statements of financial position and disclose key information about leasing arrangements. The Conservancy elected to adopt these ASUs effective July 1, 2022, and utilized all of the available practical expedients. The Organization has no operating leases that require the recognition of a right-of-use asset or lease liability during 2023.

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.

Reclassification

Certain reclassifications have been made to the presentation of the financial statements for the year ended June 30, 2022 to correspond to the current year's format.

Cash and Cash Equivalents

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows at June 30, 2023 and June 30, 2022.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents - without restrictions, current	\$ 2,083,187	\$ 923,562
Cash and cash equivalents - purpose restricted, current	347,465	558,038
Cash for stewardship, non-current	106,438	-
Cash for land protection, non-current	782,094	438,426
Cash - purpose restricted, non-current	8,991	2,991
Endowments:		
Cash - purpose restricted, non-current	<u>111,014</u>	<u>248,216</u>
 Total cash, cash equivalents, and restricted cash	 <u>\$ 3,439,189</u>	 <u>\$ 2,171,233</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.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2023

(With Comparative Information for 2022)

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 financial position dates, comprise the following as of June 30, 2023 and June 30, 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,430,652	\$ 1,481,600
Prepaid expenses	41,602	33,036
Due from employee	-	793
Rent and other receivable	2,485	-
Grants receivable	2,795,044	-
Deposits on land	11,000	-
Endowment spending-rate distributions and appropriations	<u>291,144</u>	<u>257,223</u>
 Total financial assets available within one year	 5,571,927	 1,772,652
 Less:		
Amounts unavailable for general expenditure within one year:		
Restricted by donors with purpose restrictions	(347,465)	(558,038)
Amounts unavailable to management without board approval:		
Board designated for operations reserves	<u>(248,508)</u>	<u>(243,008)</u>
 Total financial assets available to management for general expenditure within one year	 <u>\$ 4,975,954</u>	 <u>\$ 971,606</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 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.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2023

(With Comparative Information for 2022)

Investments

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

<u>2023</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Fixed income securities	\$ 1,543,432	\$ 1,418,920	\$ (124,512)
Equity securities	3,938,229	5,131,055	1,192,826
Total	<u>\$ 5,481,661</u>	<u>\$ 6,549,975</u>	<u>\$ 1,068,314</u>
<u>2022</u>	<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	3,141,799	3,885,101	743,302
Total	<u>\$ 4,535,080</u>	<u>\$ 5,180,776</u>	<u>\$ 645,696</u>

The fair value measurement of investments at June 30, 2023 was as follows:

<u>Fair Value Measurements at Reporting Date Using:</u>				
<u>Description</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	\$ 6,549,975	\$ 6,549,975	\$ -	\$ -

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

<u>Fair Value Measurements at Reporting Date Using:</u>				
<u>Description</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, 2023

(With Comparative Information for 2022)

Land Held for Conservation

Land held for conservation as of June 30, 2023 and 2022, consisted of parcels of property owned by the Conservancy for conservation purposes as follows:

	2023	2022
Land – Amy’s Park (Padanarum Park)	\$ 555,433	\$ 555,433
Land – Anthony’s Nose (Access)	240,536	240,536
Land – Anthony’s Nose (Eliopolis)	1,353,347	1,353,347
Land – Bain	38,845	38,845
Land – Bartlett	63,655	63,655
Land – Beaver Pond	162,303	162,303
Land – Bradleys	387,241	387,241
Land – Butternut Brook Preserve	10,000	10,000
Land – Clark Hollow Bay	4,552,112	4,552,112
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	137,982
Land – Moody	21,314	21,314
Land – New Vermont Road	88,290	-
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	273,485
Land – Sadlon	116,737	116,737
Land – Saralib	83,411	83,411
Land – SUNY Addition	108,626	-
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, 2023

(With Comparative Information for 2022)

Land Held for Conservation – Continued

	<u>2023</u>	<u>2022</u>
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
Saddlebrook Easement	151,234	151,234
Wallace/Porter Easement	98,190	98,190
West Brook Easement	703,446	703,446
Wilkening Easement	460,000	460,000
	<u>\$ 21,805,275</u>	<u>\$ 21,608,359</u>

The land balances include all costs associated with the property at closing or date of donation. 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, 2023

(With Comparative Information for 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, 2023 and 2022.

Endowment net asset composition by type of funds as of June 30, 2023, 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	\$ -	\$ 4,757,572	\$ 4,757,572
Accumulated investment gains	1,686,226	-	1,686,226
Total Endowment Funds	<u>\$ 1,686,226</u>	<u>\$ 4,757,572</u>	<u>\$ 6,443,798</u>

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, 2023, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ 1,117,374	\$ 4,107,572	\$ 5,224,946
Contributions and transfers	-	650,000	650,000
Investment return, net	568,852	-	568,852
Appropriations	-	-	-
Endowment Net Assets - End of Year	<u>\$ 1,686,226</u>	<u>\$ 4,757,572</u>	<u>\$ 6,443,798</u>

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2023

(With Comparative Information for 2022)

Endowment Funds – Continued

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.

The following tables provide information about the revenue recognized as of June 30, 2023 and 2022.

	<u>Deferred Revenue July 01, 2022</u>	<u>Revenue Recognized</u>	<u>Increase in Deferred Revenue</u>	<u>Deferred Revenue June 30, 2023</u>
Land and Water				
Conservation Celebration	\$ 20,880	\$ (20,880)	\$ 24,875	\$ 24,875
Grants	<u>41,025</u>	<u>(31,739)</u>	<u>72,465</u>	<u>81,751</u>
Total	<u>\$ 61,905</u>	<u>\$ (52,619)</u>	<u>\$ 97,340</u>	<u>\$ 106,626</u>

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

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2023

(With Comparative Information for 2022)

Note Payable

	<u>2023</u>	<u>2022</u>
In 2022, the Conservancy entered into a 24-month mortgage agreement for the purchases of the Clark Hollow Bay land held for conservation. 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>\$ 2,500,000</u>	<u>\$ 2,950,000</u>
Total long-term debt	2,500,000	2,950,000
Less: current portion	<u>(2,500,000)</u>	<u>(250,000)</u>
Long-term debt, net of current portion	<u>\$ -</u>	<u>\$ 2,700,000</u>

The mortgage is due in full before June 30, 2024.

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Board designated for operations reserves	\$ 248,508	\$ 243,008
Board designated for land preservation reserves	2,520,698	1,599,617
Board designated for stewardship defense reserves	271,250	245,228
Undesignated	<u>24,756,221</u>	<u>20,155,079</u>
Total Net Assets Without Donor Restrictions	<u>\$ 27,796,677</u>	<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, 2023

(With Comparative Information for 2022)

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose or period:		
Land acquisition	\$ 343,029	\$ 537,281
Education	6,000	6,000
Stewardship projects	<u>7,427</u>	<u>17,748</u>
Total subject to expenditure for specified purpose or period	356,456	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>4,757,572</u>	<u>4,107,572</u>
Total Net Assets With Donor Restrictions	<u>\$ 5,114,028</u>	<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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Purpose or period restrictions accomplished:		
Land acquisition	\$ 473,705	\$ 335,044
Stewardship	<u>10,321</u>	<u>-</u>
Net assets released from restrictions	<u>\$ 484,026</u>	<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.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2023

(With Comparative Information for 2022)

Joint Venture – Continued

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.

Contributions of Nonfinancial Assets

During the years ended June 30, 2023 and 2022, the Conservancy received contributed nonfinancial assets, recognized within the statement of activities, consisting of professional services and tangible support in the amount of \$26,061 and \$16,109, respectively. 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 and Merchandise Sales, Net

During the years ended June 30, 2023 and 2022, the Conservancy held several fundraising events and sold merchandise. 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 and merchandise sales was as follows:

	<u>2023</u>	<u>2022</u>
Gross events revenue	\$ 36,010	\$ 683
Expenses relating to events	<u>(83,662)</u>	<u>(32,372)</u>
Net revenue generated from events	<u>(47,652)</u>	<u>(31,689)</u>
Program fees and merchandise sales	5,538	2,703
Cost of merchandise sold	<u>(20,375)</u>	<u>(9,988)</u>
Net program fees and merchandise sales	<u>(14,837)</u>	<u>(7,285)</u>
Special Events, Program Fees and Merchandise Sales, Net	<u>\$ (62,489)</u>	<u>\$ (38,974)</u>

Contributions received at special events included in the statement of activities totaled \$248,259 and \$188,861 at June 30, 2023 and 2022, respectively.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2023

(With Comparative Information for 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, 2023, 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 was rented to a third party through June 30, 2022. Rent for this dock was \$2,500 for the year ended June 30, 2022. Total lease and rental income was \$12,000 and \$9,800 for the years ended June 30, 2023 and 2022, respectively.

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

	<u>2023</u>	<u>2022</u>
Land and building	\$ 1,364,354	\$ 1,364,354
Less: accumulated depreciation	<u>(533,035)</u>	<u>(499,230)</u>
Net book value	<u>\$ 831,319</u>	<u>\$ 865,124</u>

Subsequent Events

The Conservancy has evaluated all events through March 18, 2024, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.