

LAKE GEORGE LAND CONSERVANCY, INC.

Independent Auditor's Report

Financial Statements

Years Ended June 30, 2014 and 2013

LAKE GEORGE LAND CONSERVANCY, INC.

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Lake George Land Conservancy, Inc.
Lake George, New York

We have audited the accompanying financial statements of Lake George Land Conservancy, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of June 30, 2014 and 2013 and the related statements of support, revenues and expenses and changes in net assets - modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Lake George Land Conservancy, Inc. as of June 30, 2014 and 2013 and its support, revenues and expenses and changes in net assets for the years then ended in accordance with the basis of accounting as described in the notes to the financial statements.

Basis of Accounting

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

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP
Queensbury, New York

January 30, 2015

LAKE GEORGE LAND CONSERVANCY, INC.

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

June 30, 2014 and 2013

ASSETS	2014	2013
Current Assets:		
Cash and cash equivalents	\$ 596,705	\$ 433,487
Cash and cash equivalents - temporarily restricted	89,779	167,832
Due from others	-	90
	<u>686,484</u>	<u>601,409</u>
Total Current Assets		
Property and Equipment:		
Land	46,000	46,000
Building and improvements	1,318,354	1,318,354
Furniture, fixtures and equipment	69,144	69,144
Vehicles	16,977	16,977
	<u>1,450,475</u>	<u>1,450,475</u>
Total Property and Equipment		
Less: Accumulated Depreciation	<u>(302,281)</u>	<u>(260,312)</u>
Net Property and Equipment	<u>1,148,194</u>	<u>1,190,163</u>
Other Assets:		
Land held for conservation	13,938,823	13,761,218
Investments held for resale	473,977	308,654
Cash - temporarily restricted	16,372	25,000
Stewardship cash - permanently restricted	107,990	106,490
Deposit on land	2,500	-
Security deposit	346	346
	<u>14,540,008</u>	<u>14,201,708</u>
Total Other Assets		
Total Assets	<u>\$ 16,374,686</u>	<u>\$ 15,993,280</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of long-term debt	\$ 2,026,730	\$ 493,689
Other	773	1,645
	<u>2,027,503</u>	<u>495,334</u>
Total Current Liabilities		
Long-Term Liabilities:		
Long-term debt, net of current portion	-	1,840,830
Security deposit	800	800
	<u>800</u>	<u>1,841,630</u>
Total Long-Term Liabilities		
Total Liabilities	<u>2,028,303</u>	<u>2,336,964</u>
Net Assets:		
Unrestricted	14,132,242	13,356,994
Temporarily restricted	106,151	192,832
Permanently restricted	107,990	106,490
	<u>14,346,383</u>	<u>13,656,316</u>
Total Net Assets		
Total Liabilities and Net Assets	<u>\$ 16,374,686</u>	<u>\$ 15,993,280</u>

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

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

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2014 Total
Support and Other Revenues:				
Contributions and grants	\$ 754,698	\$ 564,410	\$ 1,500	\$ 1,320,608
Special event/program fees	65,826	-	-	65,826
Lease and rent	11,850	-	-	11,850
Merchandise sales	850	-	-	850
Interest income	62	-	-	62
Loss on sale of property and equipment	(63,564)	-	-	(63,564)
Net assets released from restriction	651,091	(651,091)	-	-
Total Support and Other Revenues	1,420,813	(86,681)	1,500	1,335,632
Expenses:				
Salaries	278,828	-	-	278,828
Employee benefits and charges	74,296	-	-	74,296
Postage and shipping	9,231	-	-	9,231
Training and meetings	688	-	-	688
Telephone and utilities	14,933	-	-	14,933
Travel and entertainment	2,271	-	-	2,271
Printing, advertising and newsletters	31,226	-	-	31,226
Office expenses	3,976	-	-	3,976
Operating supplies	13,203	-	-	13,203
Repairs and maintenance	13,312	-	-	13,312
Insurance	15,983	-	-	15,983
Permits, fees and licenses	13,483	-	-	13,483
Professional fees	77,695	-	-	77,695
Dues	2,269	-	-	2,269
Special events	37,993	-	-	37,993
Depreciation	41,969	-	-	41,969
Donations	4,100	-	-	4,100
Interest	-	-	-	-
Outside services	-	-	-	-
Real estate taxes	5,979	-	-	5,979
Rent	511	-	-	511
Merchandise	1,390	-	-	1,390
Website maintenance	651	-	-	651
Miscellaneous	1,578	-	-	1,578
Total Expenses	645,565	-	-	645,565
Excess (Deficit) of Support and Revenues Over Expenses	775,248	(86,681)	1,500	690,067
Net Assets at Beginning of Year	13,356,994	192,832	106,490	13,656,316
Net Assets at End of Year	\$ 14,132,242	\$ 106,151	\$ 107,990	\$ 14,346,383

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

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

Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2013 Total
Support and Other Revenues:				
Contributions and grants	\$ 489,899	\$ 970,678	\$ 1,500	\$ 1,462,077
Special event/program fees	19,210	-	-	19,210
Lease and rent	11,600	-	-	11,600
Merchandise sales	545	-	-	545
Interest income	191	-	-	191
Gain on sale of property and equipment	119,270	-	-	119,270
Net assets released from restriction	1,197,482	(1,156,482)	(41,000)	-
Total Support and Other Revenues	1,838,197	(185,804)	(39,500)	1,612,893
Expenses:				
Salaries	262,391	-	-	262,391
Employee benefits and charges	73,197	-	-	73,197
Postage and shipping	8,339	-	-	8,339
Training and meetings	430	-	-	430
Telephone and utilities	12,621	-	-	12,621
Travel and entertainment	3,585	-	-	3,585
Printing, advertising and newsletters	27,540	-	-	27,540
Office expenses	3,610	-	-	3,610
Operating supplies	12,458	-	-	12,458
Repairs and maintenance	8,778	-	-	8,778
Insurance	15,139	-	-	15,139
Permits, fees and licenses	4,955	-	-	4,955
Professional fees	67,362	-	-	67,362
Dues	2,594	-	-	2,594
Special events	28,239	-	-	28,239
Depreciation	42,860	-	-	42,860
Donations	850	-	-	850
Interest	3,558	-	-	3,558
Outside services	3,925	-	-	3,925
Real estate taxes	2,644	-	-	2,644
Rent	-	-	-	-
Merchandise	2,147	-	-	2,147
Website maintenance	424	-	-	424
Miscellaneous	1,002	-	-	1,002
Total Expenses	588,648	-	-	588,648
Excess (Deficit) of Support and Revenues Over Expenses	1,249,549	(185,804)	(39,500)	1,024,245
Net Assets at Beginning of Year	12,107,445	378,636	145,990	12,632,071
Net Assets at End of Year	\$ 13,356,994	\$ 192,832	\$ 106,490	\$ 13,656,316

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2014 and 2013

Summary of Significant Accounting Policies

This summary of significant accounting policies of Lake George Land Conservancy, Inc. (Conservancy) is presented to assist in understanding the Conservancy's financial statements. The financial statements and notes are representations of the Conservancy's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles except for the method of accounting (see note below) and have been consistently applied in the preparation of the financial statements. Prior to October 30, 2001 the Conservancy was known as Lake George Basin Land Conservancy, Inc.

Business Activity

The Conservancy's purpose is to promote the preservation and protection of the land surrounding Lake George, New York.

Method of Accounting

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

Financial Statement Presentation

The Conservancy has elected to adopt FASB ASC 958-205-05. Under FASB ASC 958-205-05, the Conservancy is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

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

Recognition of Donor Restrictions

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions

The Conservancy also elected to adopt FASB ASC 958-310 (formerly SFAS No. 116, "Accounting for Contributions Received and Contributions Made" in so far as it relates to donations actually received (the modified cash basis of accounting). In accordance with FASB ASC 958-310, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. It is the policy of the Conservancy to apply ten percent of donations from any fund raising appeal to cover direct administrative cost, such as payroll and benefits. The administrative costs necessary to operate the related program are not capitalized as land acquisition costs but are recorded as program administration.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2014 and 2013

Summary of Significant Accounting Policies – Continued

Contributions – Continued

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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 temporarily 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 temporarily restricted net assets to unrestricted net assets 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.

Organization

The Lake George Land Conservancy, Inc. is an exempt organization under Sec. (501)(c)(3) of the Internal Revenue Code. As of June 30, 2014, the tax years that remain subject to examination by taxing authorities begin with 2011.

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

Factors that potentially subject the Conservancy to concentrations of credit risk are as follows:

Financial instruments that potentially subject the Conservancy to 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 accounts exceeded these limits at various times throughout the years ended June 30, 2014 and 2013. At June 30, 2014 and 2013 the Conservancy had \$129,818 and \$22,229, respectively, in excess of the FDIC/SIPC limits.

Property and Equipment

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

	<u>Depreciation Expense June 30, 2014</u>	<u>Depreciation Expense June 30, 2013</u>	<u>Estimated Useful Life In Years</u>
Building and improvements	\$ 33,800	\$ 33,675	39
Transportation equipment	3,395	3,395	5
Furniture and equipment	4,774	5,790	3-10
Total	<u>\$ 41,969</u>	<u>\$ 42,860</u>	

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2014 and 2013

Summary of Significant Accounting Policies – Continued

Property and Equipment -- Continued

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.

Printing, Advertising and Newsletters

Printing, advertising and newsletters are generally charged to operations in the year incurred and totaled \$31,226 and \$27,540 for the years ended June 30, 2014 and 2013, respectively.

Investments Held for Resale

At June 30, 2014 and 2013, assets held for resale were comprised of the following:

	<u>2014</u>	<u>2013</u>
Apple Hill Lot #2	\$ -	\$ 92,551
Apple Hill Lot #6	216,103	216,103
Land: Howard	13,010	-
Land: Saidel	<u>244,864</u>	<u>-</u>
Total	<u>\$ 473,977</u>	<u>\$ 308,654</u>

The Apple Hill lots were donated during the 2010-2011 fiscal year and valued at fair market on the date of donation. The basis of Apple Hill Lots # 2 and # 6 were each increased by \$1,103 for professional fees incurred to acquire the property. Apple Hill Lot # 2 was sold during the 2013-2014 fiscal year for a loss of \$63,564. The Howard land was purchased by and the Saidel land was donated to the Conservancy during the 2013-2014 fiscal year. The basis of the Howard and Saidel land was increased by \$1,702 and \$3,488, respectively, for professional fees incurred to acquire the property. Assets will be sold in the future to raise funds for the Organization's operations.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2014 and 2013

Land Held for Conservation

Land held for conservation as of June 30, 2014 and 2013 consisted of parcels of property owned by the Conservancy for conservation purposes as follows:

	<u>2014</u>	<u>2013</u>
Land – Amy’s Park (Padanarum Park)	\$ 551,381	\$ 551,362
Land – Anthony’s Nose (Eliopolis)	1,348,547	1,346,680
Land – Berry Pond Tract	3,036,810	2,999,600
Land – Butternut Brook Preserve	10,000	10,000
Land – Cook Mountain (174 acres)	70,499	70,499
Land – Cook Mountain (18 acres)	26,800	26,800
Land – Freihofer/PROL	1,424,786	1,424,786
Land – Gull Bay Estates, Inc.	293,746	261,073
Land – Hunt Lake Tract	27,518	27,518
Land – Kraft	12,091	2,429
Land – Last Great Shoreline (Sucker Brook/Gabriel)	4,299,192	4,279,197
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	668,250
Land – Peggy’s Point (Hague Adirondack Charitable Foundation)	832,624	832,624
Land – Van Hart	76,143	-
Pinnacle – in Negotiation	9,200	9,200
Guest Easement	53,958	53,958
Haigh Easement	77,548	77,548
Wallace/Porter Easement	98,190	98,190
West Brook Easement	701,190	701,190
	<u>\$ 13,938,823</u>	<u>\$ 13,761,218</u>
Total land held for conservation		

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 organization holds four easements obtained before 2003 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

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2014 and 2013

Joint Venture

The 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) have 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. is the sole owner of and is responsible for the purchase price and the related debt for the Berry Pond Tract. (See long-term debt note).

The Lake George Association, Inc. and The Fund for Lake George, Inc. are responsible for the debt related to the West Brook Conservation Easement. The balance of the debt at June 30, 2014 was \$295,109. The two organizations are still primarily liable for the debt.

It is anticipated that fundraising will be done by all three organizations to cover all or part of the related debt, but only the Berry Pond Tract will eventually be sold to the State of New York. The Lake George Land Conservancy, Inc. has agreed to fundraise to obtain funds to repay the debt on both properties. Any amounts paid toward the debt owed by the Lake George Association, Inc. and The Fund for Lake George, Inc. is recorded as equal charitable contributions to both organizations.

The organizations agreed to form a management committee including one representative from each organization to approve fundraising activities, develop a project budget, approve any redevelopment of the properties and negotiate with the State of New York for the sale of the properties.

The organization has recorded a non-cash contribution revenue of \$700,000 (\$350,000 each from the Lake George Association, Inc. and The Fund for Lake George, Inc.) to record one-third of the purchase price of the West Brook Conservation Easement during the year ended June 30, 2009. This value and the value of the Berry Pond Tract are included in Land Held for Conservation.

Long-Term Debt

Long-term debt consisted of the following:

	<u>2014</u>	<u>2013</u>
Due for a parcel of property that was acquired on behalf of New York State using funds borrowed from the Nature Conservancy. Interest accrued at 4% until January 31, 2005. Thereafter, this is a 0% interest loan until the loan was renegotiated on January 2, 2008. Under agreement dated January 2, 2008, interest accrued at 5% per annum until January 2, 2010, at which time the entire balance was due. A new agreement was signed extending repayment until January 2, 2014 with 0% interest. No payments were made in fiscal year 2013-2014 and no new extension was created. The organization intends to pay off the balance in fiscal year 2014-2015.	\$ 185,900	\$ 185,900

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2014 and 2013

Long-Term Debt, Continued

Note payable to Open Space Conservancy, Inc. previously due in quarterly installments of \$24,000 plus interest through January 17, 2013, secured by a first mortgage on the Berry Pond Tract, the land and buildings on 4905 Lake Shore Drive, \$130,000 in cash accounts and any governmental proceeds received from the State of New York with regard to the Berry Pond Tract. \$500,000 is guaranteed by The Fund for Lake George, Inc., an unrelated not-for-profit organization. Prior to the new one year agreement, the note payable carried an interest rate at the 30-day LIBOR rate plus 1.85%.

The loan was renegotiated on January 17, 2013 and is now due in quarterly principal payments of \$15,000 in return for payment of the \$130,000 in secured cash towards principal. The current maturity date is December 31, 2014. The interest rate remained the same.

1,253,830 1,313,830

Notes payable to the Open Space Institute, Inc. due in quarterly interest only installments at a rate of 1.75% through January 17, 2013, at which time the entire principal was due. The loan was renegotiated on January 17, 2013. In exchange for payment of the \$130,000 in security on the loan noted above, the due date was extended to December 31, 2014. The interest rate remained the same.

587,000 587,000

Note payable to Manning and Virginia Smith and Henry Rowan, with interest beginning at .6% per year and later increased to 6% per year. Pursuant to amendments of the original agreement, the current interest rate is 3.25% per year and the outstanding principal is due as follows:

Principal of \$1,416,813 plus accrued interest of \$85,887 was due upon the sale of the Cat and Thomas Mountains property to the State of New York.

Principal of \$11,876, along with accrued interest was due on May 27, 2013.

Principal of \$117,957, along with accrued interest was due on August 27, 2013.

Principal of \$64,916, along with accrued interest was due on November 27, 2013.

Principal of \$64,916, along with accrued interest was due on February 27, 2014.

- 247,789

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2014 and 2013

Long-Term Debt, Continued

Total long-term debt	2,026,730	2,334,519
Less: current portion	<u>(2,026,730)</u>	<u>(493,689)</u>
Long-term debt, net of current portion	<u>\$ -</u>	<u>\$ 1,840,830</u>

Maturities of long-term debt are as follows:

Years ending June 30, 2015	<u>\$ 2,026,730</u>
Total	<u>\$ 2,026,730</u>

Unrestricted Net Assets

Of the total unrestricted net assets of \$14,132,242 and \$13,356,994 at June 30, 2014 and 2013, respectively, the board has designated net assets for the following purposes:

	<u>2014</u>	<u>2013</u>
Operations reserves	\$ 310,549	\$ 261,270
Capital campaign	83,965	-
Land preservation	914	-
Office building acquisition and renovation	3,900	3,900
Stewardship reserves	<u>55,631</u>	<u>53,601</u>
Unrestricted funds available for reserves	<u>\$ 454,959</u>	<u>\$ 318,771</u>

Temporarily Restricted Net Assets

Net assets were temporarily restricted for the following purposes:

	<u>2014</u>	<u>2013</u>
Land acquisition	\$ 56,677	\$ 88,475
Special operation projects	46,839	104,357
Office building renovations	<u>2,635</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 106,151</u>	<u>\$ 192,832</u>

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2014 and 2013

Permanently Restricted Net Assets

The Conservancy holds real estate interests on certain properties surrounding Lake George. The stewardship endowment consists of permanently restricted funds, the income from which can be used for the management of the properties owned and managed by the Conservancy. During 2013, four donors authorized release of their restricted donations totaling \$41,000. The Board of Directors approved designation of these funds for stewardship purposes. This change was discovered in 2014. Therefore, the 2013 financial statements have been restated accordingly. Net assets of \$107,990 and \$106,490 for 2014 and 2013, respectively, are permanently restricted for stewardship purposes.

Lease and Rent Income

The Organization 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, 2014 a new rental agreement has not been established, but monthly payments continued at the same rate. Monthly rent is \$800. In addition, a dock is rented to a third party on an annual basis. Rent for this dock was increased to \$2,250 from \$2,000 for the fiscal year ended June 30, 2014. Total lease and rent income was \$11,850 and \$11,600 for the years ended June 30, 2014 and 2013, respectively.

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

	<u>2014</u>	<u>2013</u>
Land and building	\$ 1,364,354	\$ 1,364,354
Less: accumulated depreciation	<u>(228,800)</u>	<u>(195,000)</u>
Net book value	<u>\$ 1,135,554</u>	<u>\$ 1,169,354</u>

Functional Allocation of Expenses

The costs of providing the programs and activities are required to be summarized on a functional basis. Accordingly, certain costs have been allocated among programs and support services benefited. The summarized expenses are on a functional basis as follows:

	<u>2014</u>	<u>2013</u>
Program services	\$ 425,841	\$ 386,267
Management and General:		
Supporting services	150,823	138,909
Fundraising	<u>68,901</u>	<u>63,472</u>
Total	<u>\$ 645,565</u>	<u>\$ 588,648</u>

Capitalized Interest

The costs of acquiring land held for conservation, costs to acquire conservation easements, and costs of acquiring land to resell include capitalized interest in the amount of \$40,277 and \$174,657 for the years ended June 30, 2014 and 2013, respectively.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2014 and 2013

Donations

Professional services were donated to the Conservancy in the amount of \$35,546 and \$41,364 for the years ended June 30, 2014 and 2013, respectively.

Subsequent Events

The organization has evaluated all events through January 30, 2015, the date which these financial statements were available to be issued and determined that the following subsequent events require disclosure:

Apple Hill Lot #6 was sold by the Conservancy for \$30,000. The closing occurred October 9, 2014.

New York State has signed a contract, dated December 1, 2014, to purchase the Berry Pond property for \$1,724,000. A closing is expected to occur prior to the end of the 2014-2015 fiscal year.

On December 31, 2014, the Organization executed an agreement to extend the due date of the notes payable to the Open Space Institute, Inc., then totaling \$1,825,830 to December 31, 2015.