

LAKE GEORGE LAND CONSERVANCY, INC.

Independent Auditors' Report

Financial Statements

Years Ended June 30, 2012 and 2011



Whittemore, Downen & Ricciardelli, LLP
333 Aviation Road - Building B
Queensbury, NY 12804

LAKE GEORGE LAND CONSERVANCY, INC.

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements	
Statements of Assets, Liabilities and Net Assets – Modified Cash Basis	2
Statement of Support, Revenues and Expenses and Changes in Net Assets – Modified Cash Basis Year Ended June 30, 2012	3
Statement of Support, Revenues and Expenses and Changes in Net Assets – Modified Cash Basis Year Ended June 30, 2011	4
Notes to Financial Statements	5-14



WHITTEMORE, DOWEN & RICCIARDELLI, LLP
Certified Public Accountants and Consultants

333 Aviation Road, Building B • Queensbury, NY 12804
Phone: (518) 792-0918 • Fax: (518) 743-0882
112 Spring Street, Suite 307 • Saratoga Springs, NY 12866
Phone: (518) 584-0770
www.wdrcpa.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of assets, liabilities and net assets - modified cash basis of Lake George Land Conservancy, Inc. (a nonprofit organization) as of June 30, 2012 and 2011 and the related statements of support, revenues and expenses and changes in net assets - modified cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in the notes to the financial statements, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, 2012 and 2011 and its support, revenues and expenses and changes in net assets for the years then ended in conformity with the modified cash basis of accounting.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP

December 27, 2012

LAKE GEORGE LAND CONSERVANCY, INC.

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

June 30, 2012 and 2011

ASSETS	2012	2011
Current Assets:		
Cash and cash equivalents	\$ 673,851	\$ 512,413
Total Current Assets	673,851	512,413
Property and Equipment:		
Land	46,000	46,000
Building and improvements	1,313,034	1,313,034
Furniture, fixtures and equipment	67,125	59,501
Vehicles	16,977	16,977
Total Property and Equipment	1,443,136	1,435,512
Less: Accumulated Depreciation	(217,452)	(174,783)
Net Property and Equipment	1,225,684	1,260,729
Other Assets:		
Land held for conservation	14,956,704	14,388,866
Investments held for resale	308,654	313,654
Stewardship cash - permanently restricted	145,990	5,193
Stewardship investments - CD's	-	139,297
Security deposit	346	346
Total Other Assets	15,411,694	14,847,356
Total Assets	\$ 17,311,229	\$ 16,620,498
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of long-term debt	\$ 4,490,985	\$ 4,340,118
Other	1,473	762
Total Current Liabilities	4,492,458	4,340,880
Long-Term Liabilities:		
Long-term debt, net of current portion	185,900	100,000
Security deposit	800	800
Total Long-Term Liabilities	186,700	100,800
Total Liabilities	4,679,158	4,441,680
Net Assets:		
Unrestricted	12,107,445	11,742,057
Temporarily restricted	378,636	291,771
Permanently restricted	145,990	144,990
Total Net Assets	12,632,071	12,178,818
Total Liabilities and Net Assets	\$ 17,311,229	\$ 16,620,498

See Independent Auditors' 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, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2012 Total
Support and Other Revenues:				
Contributions and grants	\$ 420,068	\$ 493,964	\$ 1,000	\$ 915,032
Special event/program fees	14,115	-	-	14,115
Lease and rent	11,600	-	-	11,600
Merchandise sales	1,959	-	-	1,959
Auction sales	4,925	-	-	4,925
Interest income	600	-	-	600
Loss on sale of property and equipment	-	-	-	-
Investment return, net	(2,811)	-	-	(2,811)
Net assets released from restriction	407,099	(407,099)	-	-
Total Support and Other Revenues	857,555	86,865	1,000	945,420
Expenses:				
Salaries	215,492	-	-	215,492
Employee benefits and charges	56,785	-	-	56,785
Recruitment	1,282	-	-	1,282
Postage and shipping	8,237	-	-	8,237
Training and meetings	1,602	-	-	1,602
Telephone and utilities	11,554	-	-	11,554
Travel and entertainment	1,693	-	-	1,693
Printing, advertising and newsletters	17,976	-	-	17,976
Office expenses	3,181	-	-	3,181
Operating supplies	8,088	-	-	8,088
Repairs and maintenance	7,319	-	-	7,319
Insurance	13,596	-	-	13,596
Permits, fees and licenses	4,370	-	-	4,370
Professional fees	60,085	-	-	60,085
Dues	2,164	-	-	2,164
Special events	27,844	-	-	27,844
Depreciation	42,669	-	-	42,669
Donations	500	-	-	500
Interest	1,767	-	-	1,767
Outside services	120	-	-	120
Real estate taxes	2,613	-	-	2,613
Merchandise	1,563	-	-	1,563
Website maintenance	595	-	-	595
Miscellaneous	1,072	-	-	1,072
Total Expenses	492,167	-	-	492,167
Excess of Support and Revenues Over Expenses	365,388	86,865	1,000	453,253
Net Assets at Beginning of Year	11,742,057	291,771	144,990	12,178,818
Net Assets at End of Year	\$ 12,107,445	\$ 378,636	\$ 145,990	\$ 12,632,071

See Independent Auditors' 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, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2011 Total
Support and Other Revenues:				
Contributions and grants	\$ 626,677	\$ 669,774	\$ 1,500	\$ 1,297,951
Special event/program fees	24,042	-	-	24,042
Lease and rent	11,600	-	-	11,600
Merchandise sales	9,402	-	-	9,402
Auction sales	35,250	-	-	35,250
Interest income	84	-	-	84
Loss on sale of property and equipment	300	-	-	300
Investment return, net	(379)	-	-	(379)
Net assets released from restriction	678,720	(678,720)	-	-
Total Support and Other Revenues	1,385,696	(8,946)	1,500	1,378,250
Expenses:				
Salaries	204,192	-	-	204,192
Employee benefits and charges	54,730	-	-	54,730
Recruitment	-	-	-	-
Postage and shipping	6,314	-	-	6,314
Training and meetings	1,520	-	-	1,520
Telephone and utilities	11,663	-	-	11,663
Travel and entertainment	3,494	-	-	3,494
Printing, advertising and newsletters	19,592	-	-	19,592
Office expenses	2,200	-	-	2,200
Operating supplies	8,380	-	-	8,380
Repairs and maintenance	5,584	-	-	5,584
Insurance	14,986	-	-	14,986
Permits, fees and licenses	3,804	-	-	3,804
Professional fees	61,466	-	-	61,466
Dues	2,408	-	-	2,408
Special events	31,649	-	-	31,649
Depreciation	38,548	-	-	38,548
Donations	1,100	-	-	1,100
Interest	2,000	-	-	2,000
Outside services	641	-	-	641
Real estate taxes	1,590	-	-	1,590
Merchandise	4,067	-	-	4,067
Website maintenance	403	-	-	403
Miscellaneous	605	-	-	605
Total Expenses	480,936	-	-	480,936
Excess of Support and Revenues Over Expenses	904,760	(8,946)	1,500	897,314
Net Assets at Beginning of Year	10,837,297	300,717	143,490	11,281,504
Net Assets at End of Year	\$ 11,742,057	\$ 291,771	\$ 144,990	\$ 12,178,818

See Independent Auditors' Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2012 and 2011

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 958-210 (formerly Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations"). Under FASB ASC 958-210, 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, 2012 and 2011

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.

Cash and Cash Equivalents

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

Investments

The Conservancy has adopted FASB ASC 958-320 (formerly SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations"). Under FASB ASC 958-320, 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 assets, liabilities and net assets – modified cash basis. Gains and losses are recognized when the securities are sold. Unrealized gains and losses are included in the changes in net assets. Investment income and gains on invested contributions which were originally restricted by a donor are reported as increases in unrestricted net assets. Investment losses are reported as a decrease in unrestricted net assets.

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 for interest bearing accounts 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, 2012 and 2011. At June 30, 2012 the Conservancy had \$151,522, in excess of the FDIC/SIPC limits. At June 30, 2011, the Conservancy deposits were not in excess of these limits.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2012 and 2011

Summary of Significant Accounting Policies – Continued

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, 2012</u>	<u>Depreciation Expense June 30, 2011</u>	<u>Estimated Useful Life In Years</u>
Building and improvements	\$ 33,665	\$ 33,670	39
Transportation equipment	3,395	566	5
Furniture and equipment	<u>5,609</u>	<u>4,312</u>	3-10
Total	<u>\$ 42,669</u>	<u>\$ 38,548</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.

Printing, Advertising and Newsletters

Printing, advertising and newsletters are generally charged to operations in the year incurred and totaled \$17,976 and \$19,592 for the years ended June 30, 2012 and 2011, respectively.

Investments

Investments are carried at current market value based upon stock market trading value at June 30, 2012 and 2011 and consisted of the following:

	<u>Current Market</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
June 30, 2012 Certificates of Deposit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2011 Certificates of Deposit	<u>\$ 139,297</u>	<u>\$ 140,000</u>	<u>\$ (703)</u>

Investment income has been reported net of investment expenses. Such expenses were \$572 and \$2,040 for the years ended June 30, 2012 and 2011, respectively.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2012 and 2011

Investments – Continued

The following schedule summarizes the investment return and its classification in the statements of support, revenues and expenses and changes in net assets-modified cash basis, for the years ended June 30, 2012 and 2011.

	June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	\$ 58	\$ -	\$ -	\$ 58
Unrealized gains (losses), net	-	-	-	-
Investment expenses	(572)	-	-	(572)
Realized gains (losses), net	(2,297)	-	-	(2,297)
Total investment return, net	<u>\$ (2,811)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,811)</u>

At June 30, 2012 realized gains (losses) includes a \$3,000 loss on the sale of a donated boat held for resale.

	June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	\$ 58	\$ -	\$ -	\$ 58
Unrealized gains (losses), net	(703)	-	-	(703)
Investment expenses	(2,040)	-	-	(2,040)
Realized gains (losses), net	2,306	-	-	2,306
Total investment return, net	<u>\$ (379)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (379)</u>

Investments Held for Resale

At June 30, 2012 and 2011, donated assets held for resale were comprised of the following:

	2012	2011
Apple Hill Lot #2	\$ 92,551	\$ 92,551
Apple Hill Lot #6	216,103	216,103
Boat	-	5,000
Total	<u>\$ 308,654</u>	<u>\$ 313,654</u>

The items above 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. Assets will be sold in the future to raise funds for the Organization's operations. The boat was sold during the year ended June 30, 2012 as noted above.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2012 and 2011

Land Held for Conservation

Land held for conservation as of June 30, 2012 and 2011 consisted of parcels of property owned by the Conservancy for conservation purposes as follows:

	<u>2012</u>	<u>2011</u>
Land – Cook Mountain (174 acres)	\$ 70,499	\$ 70,499
Land – Cook Mountain (18 acres)	26,800	26,800
Land – Kraft	2,285	2,285
Land – Last Great Shoreline (Sucker Brook/Gabriel)	4,144,380	4,142,496
Land – Anthony’s Nose (Eliopolis)	1,346,680	1,346,680
Land – Last George Realty Trust	668,250	668,232
Land – Gull Bay Estates, Inc.	261,073	261,073
Land – Cat and Thomas (American Wilderness Inc.)	715,583	715,583
Land – Cat and Thomas (Monga)	661,390	661,390
Land – Peggy’s Point (Hague Adirondack Charitable Foundation)	832,624	832,624
Land – Little Roger’s Slide (Adams/Lavin)	89,714	89,714
Land – Freihofer/PROL	1,424,786	1,424,786
Land – Butternut Brook Preserve	10,000	10,000
Land – Loines Preserve	230,600	230,600
Land – Hunt Lake Tract	27,518	27,518
Land – Berry Pond Tract	2,954,584	2,909,572
Guest Easement	53,958	53,958
Haigh Easement	77,548	77,548
Wallace/Porter Easement	98,190	98,190
Amy’s Park (Padanarum Park)	543,852	24,928
Pinnacle – in Negotiation	9,200	7,200
Land - Larzelere	6,000	6,000
West Brook Easement	701,190	701,190
	<u>\$ 14,956,704</u>	<u>\$ 14,388,866</u>
Total land held for conservation	<u>\$ 14,956,704</u>	<u>\$ 14,388,866</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 organization holds four easements obtained before 2003 that have no value assigned to them. The easements include Federal Hill acquired in August 1990, Silver Bay Upland acquired in December 1997, Dark Bay Shoreline acquired in January 1998 and IHH Properties acquired in December 2002.

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).

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2012 and 2011

Joint Venture – Continued

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, 2012 was \$560,412. 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 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:

	2012	2011
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 is accrued at 5% per annum until January 2, 2010, at which time the entire balance is due. A new agreement was signed extending repayment until January 2, 2014 with 0% interest.	\$ 185,900	\$ 186,133
Note payable to anonymous lender due January 1, 2013 at a 2% interest rate, with semi-annual interest only payments of \$2,000. \$100,000 of the principal balance was forgiven during the 2007-2008 fiscal year.	75,000	100,000
Note payable to Open Space Conservancy, Inc. currently due in quarterly installments of \$24,000 plus interest at the 30-day LIBOR rate plus 1.85% (.24% at June 30, 2012) 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.	1,525,000	1,621,000

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2012 and 2011

Long-Term Debt – Continued

	<u>2012</u>	<u>2011</u>
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 is due. If the note payable to the Open Space Conservancy, Inc. noted above is repaid before that date, quarterly principal payments of \$16,000 each are due on two loans (\$32,000 in total). These loans have a second security interest in the collateral of the loan to the Open Space Conservancy, Inc. noted above.	587,000	587,000
Note payable to Manning and Virginia Smith and Henry Rowan, with interest at .6% per year with payments due as follows: Pursuant to an amendment of the original agreement the outstanding principal is due on February 27, 2013. The interest rate on the remaining principal at February 28, 2012 will be 6% per year. Interest owed on this loan was last paid on February 28, 2011. See Contingencies footnote.	1,803,985	1,945,985
Mortgage payable to I. Robert Wolgin, Trustee of Norman Wolgin 2002 Indenture of Trust, with interest at .5% per year with payments due as follows: \$500,000 on March 1, 2013 The mortgage is secured by real property located on Padanarum Road in the Town of Bolton, New York.	<u>500,000</u>	<u>-</u>
Total long-term debt	4,676,885	4,440,118
Less: current portion	<u>(4,490,985)</u>	<u>(4,340,118)</u>
Long-term debt, net of current portion	<u>\$ 185,900</u>	<u>\$ 100,000</u>
Maturities of long-term debt are as follows:		
Years ending		
June 30,		
2013	\$ 4,490,985	
2014	<u>185,900</u>	
Total	<u>\$ 4,676,885</u>	

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2012 and 2011

Unrestricted Net Assets

At June 30, 2012 and 2011, respectively, unrestricted net assets included the following reserves.

	<u>2012</u>	<u>2011</u>
Operations reserves	\$ 157,645	\$ 185,786
Capital campaign	421	3,544
Office building acquisition and renovation	-	2,326
Stewardship reserves	<u>10,677</u>	<u>10,821</u>
Unrestricted funds available for reserves	<u>\$ 168,743</u>	<u>\$ 202,477</u>

Temporarily Restricted Net Assets

Net assets were temporarily restricted for the following purposes:

	<u>2012</u>	<u>2011</u>
Land acquisition	\$ 137,407	\$ 72,244
Land preservation	130,000	130,000
Special operation projects	102,490	65,828
Office building renovations	<u>8,739</u>	<u>23,699</u>
Total temporarily restricted net assets	<u>\$ 378,636</u>	<u>\$ 291,771</u>

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. Net assets of \$145,990 and \$144,990 for 2012 and 2011, 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 will end in January 2014. Monthly rent is \$800. In addition, a dock is rented to a third party on an annual basis. Rent for this dock was \$2,000 for the years ended June 30, 2012 and 2011. Total lease and rent income was \$11,600 for the years ended June 30, 2012 and 2011. Future minimum lease revenue is to be received as follows:

Years ending	
June 30,	
2013	\$ 11,600
2014	<u>5,600</u>
Total	<u>\$ 17,200</u>

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2012 and 2011

Lease and Rent Income - Continued

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

	<u>2012</u>	<u>2011</u>
Land and building	\$ 1,359,034	\$ 1,359,034
Less: accumulated depreciation	<u>(161,325)</u>	<u>(127,660)</u>
Net book value	<u>\$ 1,197,709</u>	<u>\$ 1,231,374</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>2012</u>	<u>2011</u>
Program services	\$ 315,156	\$ 275,113
Management and General:		
Supporting services	123,109	150,856
Fundraising	<u>53,902</u>	<u>54,967</u>
Total	<u>\$ 492,167</u>	<u>\$ 480,936</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 \$43,550 and \$55,070 for the years ended June 30, 2012 and 2011, respectively.

Donations

Professional services were donated to the Conservancy in the amount of \$35,025 and \$27,500 for the years ended June 30, 2012 and 2011, respectively.

Contingencies

Lawsuits

The Conservancy is involved with a lawsuit with the State of New York regarding non-payment of a stumpage fee to the Town of Putnam by a prior administrator. The land involved therein is no longer owned by The Lake George Land Conservancy, Inc. The Town of Putnam has indicated agreement to accept payment of the original \$8,100 fee and have the State drop the lawsuit. As previously reported, the fee has been paid in full and confirmation that the suit has been dropped is pending.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2012 and 2011

Contingencies - Continued

Accrued Interest

Interest due on the note payable to Manning and Virginia Smith and Henry Rowan was last paid on February 28, 2011. The balance due at June 30, 2012 and 2011 was \$47,131 and \$3,918 respectively.

Subsequent Events

The organization has evaluated all events through December 27, 2012, the date these financial statements were available to be issued and determined that the following subsequent events require disclosure:

A contract was signed on October 3, 2012 for the sale of Cat and Thomas Mountain Preserve (the American Wilderness Inc., and Monga properties listed in Land Held for Conservation on page 9) for \$1,502,700. A closing is expected to occur prior to March 31, 2013.

Negotiations are also underway for the sale of the Berry Pond Tract property.

A verbal agreement is in place to extend the due date on approximately \$2,064,000 of the current portion of long-term debt for at least one year.