

LAKE GEORGE LAND CONSERVANCY, INC.

Independent Auditor's Report

Financial Statements

Years Ended June 30, 2013 and 2012

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, 2013 and 2012 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, 2013 and 2012 and its support, revenues and expenses and changes in net assets for the years then ended in accordance with the modified cash basis of accounting.

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 29, 2014

LAKE GEORGE LAND CONSERVANCY, INC.

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

June 30, 2013 and 2012

ASSETS	2013	2012
Current Assets:		
Cash and cash equivalents	\$ 392,487	\$ 295,215
Cash and cash equivalents - temporarily restricted	167,832	343,220
Due from others	90	-
Total Current Assets	<u>560,409</u>	<u>638,435</u>
Property and Equipment:		
Land	46,000	46,000
Building and improvements	1,318,354	1,313,034
Furniture, fixtures and equipment	69,144	67,125
Vehicles	16,977	16,977
Total Property and Equipment	<u>1,450,475</u>	<u>1,443,136</u>
Less: Accumulated Depreciation	<u>(260,312)</u>	<u>(217,452)</u>
Net Property and Equipment	<u>1,190,163</u>	<u>1,225,684</u>
Other Assets:		
Land held for conservation	13,761,218	14,956,704
Investments held for resale	308,654	308,654
Cash - temporarily restricted	25,000	35,416
Stewardship cash - permanently restricted	147,490	145,990
Security deposit	346	346
Total Other Assets	<u>14,242,708</u>	<u>15,447,110</u>
Total Assets	<u>\$ 15,993,280</u>	<u>\$ 17,311,229</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of long-term debt	\$ 493,689	\$ 4,490,985
Other	1,645	1,473
Total Current Liabilities	<u>495,334</u>	<u>4,492,458</u>
Long-Term Liabilities:		
Long-term debt, net of current portion	1,840,830	185,900
Security deposit	800	800
Total Long-Term Liabilities	<u>1,841,630</u>	<u>186,700</u>
Total Liabilities	<u>2,336,964</u>	<u>4,679,158</u>
Net Assets:		
Unrestricted	13,315,994	12,107,445
Temporarily restricted	192,832	378,636
Permanently restricted	147,490	145,990
Total Net Assets	<u>13,656,316</u>	<u>12,632,071</u>
Total Liabilities and Net Assets	<u>\$ 15,993,280</u>	<u>\$ 17,311,229</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, 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
Auction sales	-	-	-	-
Interest income	191	-	-	191
Gain on sale of property and equipment	119,270	-	-	119,270
Investment return, net	-	-	-	-
Net assets released from restriction	1,156,482	(1,156,482)	-	-
Total Support and Other Revenues	1,797,197	(185,804)	1,500	1,612,893
Expenses:				
Salaries	262,391	-	-	262,391
Employee benefits and charges	73,197	-	-	73,197
Recruitment	-	-	-	-
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
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	1,208,549	(185,804)	1,500	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	\$ 13,315,994	\$ 192,832	\$ 147,490	\$ 13,656,316

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, 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 Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2013 and 2012

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, 2013 and 2012

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, 2013, the tax years that remain subject to examination by taxing authorities begin with 2010.

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. At June 30, 2013 and 2012, the organization held no investments.

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, 2013 and 2012. At June 30, 2013 and 2012 the Conservancy had \$22,229 and \$151,522, respectively, in excess of the FDIC/SIPC limits.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2013 and 2012

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, 2013</u>	<u>Depreciation Expense June 30, 2012</u>	<u>Estimated Useful Life In Years</u>
Building and improvements	\$ 33,675	\$ 33,665	39
Transportation equipment	3,395	3,395	5
Furniture and equipment	<u>5,790</u>	<u>5,609</u>	3-10
Total	<u>\$ 42,860</u>	<u>\$ 42,669</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 \$27,540 and \$17,976 for the years ended June 30, 2013 and 2012, respectively.

Investments Held for Resale

At June 30, 2013 and 2012, donated assets held for resale were comprised of the following:

	<u>2013</u>	<u>2012</u>
Apple Hill Lot #2	\$ 92,551	\$ 92,551
Apple Hill Lot #6	<u>216,103</u>	<u>216,103</u>
Total	<u>\$ 308,654</u>	<u>\$ 308,654</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.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2013 and 2012

Land Held for Conservation

Land held for conservation as of June 30, 2013 and 2012 consisted of parcels of property owned by the Conservancy for conservation purposes as follows:

	<u>2013</u>	<u>2012</u>
Land – Amy’s Park (Padanarum Park)	\$ 551,362	\$ 543,852
Land – Anthony’s Nose (Eliopolis)	1,346,680	1,346,680
Land – Berry Pond Tract	2,999,600	2,954,584
Land – Butternut Brook Preserve	10,000	10,000
Land – Cat and Thomas (American Wilderness Inc.)	-	715,583
Land – Cat and Thomas (Monga)	-	661,390
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.	261,073	261,073
Land – Hunt Lake Tract	27,518	27,518
Land – Kraft	2,429	2,285
Land - Larzelere	-	6,000
Land – Last Great Shoreline (Sucker Brook/Gabriel)	4,279,197	4,144,380
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	668,250	668,250
Land – Peggy’s Point (Hague Adirondack Charitable Foundation)	832,624	832,624
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>\$ 13,761,218</u>	<u>\$ 14,956,704</u>
Total land held for conservation	<u>\$ 13,761,218</u>	<u>\$ 14,956,704</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 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

During the year ended June 30, 2013, the Cat and Thomas (American Wilderness Inc. and Monga) and Larzelere parcels were sold to the State of New York at a fair market value determined by appraisal. The gain on sale was \$119,270.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2013 and 2012

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, 2013 was \$316,178. 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>2013</u>	<u>2012</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.	\$ 185,900	\$ 185,900
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

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2013 and 2012

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.

1,313,830 1,525,000

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 is due on August 27, 2013.

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

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

247,789 1,803,985

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2013 and 2012

Long-Term Debt, Continued

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 This loan was paid off by March 1, 2013.

	-	500,000
Total long-term debt	2,334,519	4,676,885
Less: current portion	(493,689)	(4,490,985)
Long-term debt, net of current portion	<u>\$ 1,840,830</u>	<u>\$ 185,900</u>

Maturities of long-term debt are as follows:

Years ending	
June 30,	
2014	\$ 493,689
2015	<u>1,840,830</u>
Total	<u>\$ 2,334,519</u>

Unrestricted Net Assets

Of the total unrestricted net assets of \$13,315,994 and \$12,107,445 at June 30, 2013 and 2012, respectively, the board has designated net assets for the following purposes:

	<u>2013</u>	<u>2012</u>
Operations reserves	\$ 261,270	\$ 157,645
Capital campaign	-	421
Office building acquisition and renovation	3,900	-
Stewardship reserves	<u>12,601</u>	<u>10,677</u>
Unrestricted funds available for reserves	<u>\$ 277,771</u>	<u>\$ 168,743</u>

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2013 and 2012

Temporarily Restricted Net Assets

Net assets were temporarily restricted for the following purposes:

	<u>2013</u>	<u>2012</u>
Land acquisition	\$ 88,475	\$ 137,407
Land preservation	-	130,000
Special operation projects	104,357	102,490
Office building renovations	-	8,739
	<u> </u>	<u> </u>
Total temporarily restricted net assets	<u>\$ 192,832</u>	<u>\$ 378,636</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 \$147,490 and \$145,990 for 2013 and 2012, 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, 2013 and 2012. Total lease and rent income was \$11,600 for the years ended June 30, 2013 and 2012. Future minimum lease revenue is to be received as follows:

Years ending	
June 30,	
2014	<u>\$ 5,600</u>

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

	<u>2013</u>	<u>2012</u>
Land and building	\$ 1,364,354	\$ 1,359,034
Less: accumulated depreciation	<u>(195,000)</u>	<u>(161,325)</u>
Net book value	<u>\$ 1,169,354</u>	<u>\$ 1,197,709</u>

Investment Return, Net

During the year ended June 30, 2012, all investments were transferred to money market and cash accounts. Investment income has been reported net of investment expenses. Such expenses were \$572 for the year ended June 30, 2012. The following schedule summarizes the investment return and its classification in the statement of support, revenues and expenses and changes in net assets-modified cash basis, for the year ended June 30, 2012. At June 30, 2012 realized gains (losses) includes a \$3,000 loss on the sale of a donated boat held for resale.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2013 and 2012

Investment Return, Net, Continued

	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>

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:

	2013	2012
Program services	\$ 386,267	\$ 315,156
Management and General:		
Supporting services	138,909	123,109
Fundraising	<u>63,472</u>	<u>53,902</u>
Total	<u>\$ 588,648</u>	<u>\$ 492,167</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 \$174,657 and \$43,550 for the years ended June 30, 2013 and 2012, respectively.

Donations

Professional services were donated to the Conservancy in the amount of \$41,364 and \$35,025 for the years ended June 30, 2013 and 2012, respectively.

Contingencies

Accrued Interest

At June 30, 2012, the interest due in the amount of \$47,131 on the note payable to Manning and Virginia Smith and Henry Rowan had not been paid since February 28, 2011. All back interest was paid during the year ended June 30, 2013.

LAKE GEORGE LAND CONSERVANCY, INC.

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Subsequent Events

The organization has evaluated all events through January 29, 2014, the date which these financial statements were available to be issued and determined that the following subsequent event requires disclosure:

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