

LAKE GEORGE LAND CONSERVANCY, INC.

Independent Auditor's Report

Financial Statements

Years Ended June 30, 2018 and 2017

LAKE GEORGE LAND CONSERVANCY, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Lake George Land Conservancy, Inc.  
Bolton Landing, 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, 2018 and 2017 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, 2018 and 2017, 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 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 this matter.

*Whittemore, Downen & Ricciardelli, LLP*

Whittemore, Downen & Ricciardelli, LLP  
Queensbury, New York

February 7, 2019

LAKE GEORGE LAND CONSERVANCY, INC.

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

June 30, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash and cash equivalents	\$ 736,793	\$ 772,867
Cash and cash equivalents - temporarily restricted	<u>163,923</u>	<u>103,016</u>
Total Current Assets	<u>900,716</u>	<u>875,883</u>
Property and Equipment:		
Land	46,000	46,000
Land improvements	30,405	26,696
Building and improvements	1,318,354	1,318,354
Furniture, fixtures and equipment	66,616	68,619
Vehicles	<u>16,977</u>	<u>16,977</u>
Total Property and Equipment	1,478,352	1,476,646
Less: Accumulated Depreciation	<u>(436,115)</u>	<u>(405,959)</u>
Net Property and Equipment	<u>1,042,237</u>	<u>1,070,687</u>
Other Assets:		
Land held for conservation	15,013,292	13,593,292
Investments held for resale	149,833	180,337
Cash and investments for land preservation	522,769	489,322
Cash - temporarily restricted	4,661	9,216
Endowments:		
Stewardship cash - permanently restricted	1,632	1,632
Investment portfolio cash	112,803	6,121
Investment portfolio securities	3,226,710	2,732,616
Security deposit	<u>346</u>	<u>346</u>
Total Other Assets	<u>19,032,046</u>	<u>17,012,882</u>
Total Assets	<u>\$ 20,974,999</u>	<u>\$ 18,959,452</u>

See Independent Auditor's Report and Notes

LAKE GEORGE LAND CONSERVANCY, INC.

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

June 30, 2018 and 2017

LIABILITIES AND NET ASSETS	2018	2017
Current Liabilities:		
Current portion of long-term debt	\$ 495,230	\$ 176,230
Other	4,743	4,964
	499,973	181,194
Total Current Liabilities		
Long-Term Liabilities:		
Long-term debt, net of current portion	19,980	515,210
Security deposit	800	800
	20,780	516,010
Total Long-Term Liabilities		
	520,753	697,204
Total Liabilities		
Net Assets:		
Unrestricted:		
Board designated	792,395	981,170
Undesignated	16,773,684	14,649,263
Temporarily restricted	168,584	212,232
Permanently restricted	2,719,583	2,419,583
	20,454,246	18,262,248
Total Net Assets		
	\$ 20,974,999	\$ 18,959,452
Total Liabilities and Net Assets		
	\$ 20,974,999	\$ 18,959,452

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, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2018 Total
<b>Support and Other Revenues:</b>				
Contributions and grants	\$ 472,868	\$ 1,623,750	\$ 300,000	\$ 2,396,618
<b>In-Kind Contributions:</b>				
Land and easements	245,000	-	-	245,000
Services and tangible support	28,005	-	-	28,005
Special event/program fees	26,997	-	-	26,997
Lease and rent	12,200	-	-	12,200
Interest income	80,536	-	-	80,536
Realized and unrealized investment gain	257,238	-	-	257,238
Loss on sale of property and equipment	(5,504)	-	-	(5,504)
Net assets released from restriction	1,667,398	(1,667,398)	-	-
<b>Total Support and Other Revenues</b>	<b>2,784,738</b>	<b>(43,648)</b>	<b>300,000</b>	<b>3,041,090</b>
<b>Expenses:</b>				
Salaries	386,264	-	-	386,264
Employee benefits and charges	110,685	-	-	110,685
Employee recruitment	441	-	-	441
Postage and shipping	5,270	-	-	5,270
Training and meetings	3,975	-	-	3,975
Telephone and utilities	12,747	-	-	12,747
Travel and entertainment	5,406	-	-	5,406
Printing, advertising and newsletters	37,047	-	-	37,047
Office expenses	2,690	-	-	2,690
Investment fees	3,894	-	-	3,894
Operating supplies	29,951	-	-	29,951
Repairs and maintenance	9,630	-	-	9,630
Insurance	25,382	-	-	25,382
Permits, fees and licenses	8,513	-	-	8,513
Professional fees	90,035	-	-	90,035
Dues	2,728	-	-	2,728
Special events	53,667	-	-	53,667
Depreciation	38,093	-	-	38,093
Donations	6,000	-	-	6,000
Real estate taxes	7,918	-	-	7,918
Rent	491	-	-	491
Merchandise	7,714	-	-	7,714
Website maintenance	46	-	-	46
Miscellaneous	505	-	-	505
<b>Total Expenses</b>	<b>849,092</b>	<b>-</b>	<b>-</b>	<b>849,092</b>
<b>Excess (Deficit) of Support and Revenues Over Expenses</b>	<b>1,935,646</b>	<b>(43,648)</b>	<b>300,000</b>	<b>2,191,998</b>
<b>Net Assets at Beginning of Year</b>	<b>15,630,433</b>	<b>212,232</b>	<b>2,419,583</b>	<b>18,262,248</b>
<b>Net Assets at End of Year</b>	<b>\$ 17,566,079</b>	<b>\$ 168,584</b>	<b>\$ 2,719,583</b>	<b>\$ 20,454,246</b>

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, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2017 Total
<b>Support and Other Revenues:</b>				
Contributions and grants	\$ 593,683	\$ 696,354	\$ 100,000	\$ 1,390,037
<b>In-Kind Contributions:</b>				
Land and easements	214,000	-	-	214,000
Services and tangible support	31,166	-	-	31,166
Special event/program fees	33,191	-	-	33,191
Lease and rent	12,100	-	-	12,100
Interest income	62,503	-	-	62,503
Realized and unrealized investment gain	310,498	-	-	310,498
Loss on sale of property and equipment	(20,573)	-	-	(20,573)
Net assets released from restriction	551,475	(551,475)	-	-
<b>Total Support and Other Revenues</b>	<b>1,788,043</b>	<b>144,879</b>	<b>100,000</b>	<b>2,032,922</b>
<b>Expenses:</b>				
Salaries	368,860	-	-	368,860
Employee benefits and charges	94,209	-	-	94,209
Postage and shipping	7,951	-	-	7,951
Training and meetings	2,477	-	-	2,477
Telephone and utilities	13,378	-	-	13,378
Travel and entertainment	5,658	-	-	5,658
Printing, advertising and newsletters	33,940	-	-	33,940
Office expenses	2,464	-	-	2,464
Investment fees	3,110	-	-	3,110
Operating supplies	22,008	-	-	22,008
Repairs and maintenance	11,684	-	-	11,684
Insurance	18,530	-	-	18,530
Permits, fees and licenses	7,061	-	-	7,061
Professional fees	91,769	-	-	91,769
Dues	8,873	-	-	8,873
Special events	54,277	-	-	54,277
Depreciation	36,572	-	-	36,572
Donations	1,700	-	-	1,700
Real estate taxes	647	-	-	647
Rent	498	-	-	498
Merchandise	8,440	-	-	8,440
Website maintenance	2,940	-	-	2,940
Miscellaneous	368	-	-	368
<b>Total Expenses</b>	<b>797,414</b>	<b>-</b>	<b>-</b>	<b>797,414</b>
<b>Excess of Support and Revenues Over Expenses</b>	<b>990,629</b>	<b>144,879</b>	<b>100,000</b>	<b>1,235,508</b>
<b>Net Assets at Beginning of Year</b>	<b>14,639,804</b>	<b>67,353</b>	<b>2,319,583</b>	<b>17,026,740</b>
<b>Net Assets at End of Year</b>	<b>\$ 15,630,433</b>	<b>\$ 212,232</b>	<b>\$ 2,419,583</b>	<b>\$ 18,262,248</b>

See Independent Auditor's Report and Notes



# LAKE GEORGE LAND CONSERVANCY, INC.

## Notes to Financial Statements

June 30, 2018 and 2017

### **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 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.

#### Organization

The 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.

#### 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 incurred for the purchase 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.

#### 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 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.

#### Fair Value Measures

The Conservancy has adopted ASC 820-10. ASC 820-10 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).

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2018 and 2017

**Summary of Significant Accounting Policies – Continued**

Fair Value Measures – Continued

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.

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 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. The administrative costs necessary to operate the related program are not capitalized as land acquisition costs but are recorded as program administration.

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.

Uncertain Tax Positions

In accordance with generally accepted accounting principles, 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, 2018, 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, 2018, the tax years that remain subject to examination by taxing authorities begin with 2015.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2018 and 2017

**Summary of Significant Accounting Policies – Continued**

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, 2018 and 2017. Cash at risk at June 30, 2018 and 2017 was \$458,092 and \$420,020, 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, 2018 and 2017 were \$3,362,28 and \$2,728,015, respectively.

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:

	Depreciation Expense June 30, 2018	Depreciation Expense June 30, 2017	Estimated Useful Life In Years
Building and improvements	\$ 34,111	\$ 33,889	15-39
Transportation equipment	-	-	5
Furniture and equipment	3,982	2,683	3-10
Total	<u>\$ 38,093</u>	<u>\$ 36,572</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 \$37,047 and \$33,940 for the years ended June 30, 2018 and 2017, respectively.

Change in Accounting Principle

During fiscal year 2018, the Conservancy changed its policy of capitalizing maintenance costs, professional fees and interest expense relating to land held for conservation and has opted to no longer capitalize such expenses for new properties acquired. Management originally capitalized such costs as an attempt to recoup them when conservation properties were sold to New York State. In recent years, these amounts have not been able to be recouped. This change has no effect on net assets.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2018 and 2017

**Endowment Funds**

The Conservancy classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent 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.

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 5% of the funds may be withdrawn.

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, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Conservancy to retain as a fund of perpetual duration. In accordance with the modified cash basis of accounting, deficiencies of this nature that are reported in unrestricted net assets were \$0 and \$0 as of June 30, 2018 and 2017, respectively.

The changes in, and composition of, endowment net assets for the year ended June 30, 2018 are as follows:

	<u>Permanently Restricted</u>
Endowment Net Assets – Beginning of Year	\$ 2,419,583
Contributions	<u>300,000</u>
Endowment Net Assets – End of Year	<u>\$ 2,719,583</u>

The changes in, and composition of, endowment net assets for the year ended June 30, 2017 are as follows:

	<u>Permanently Restricted</u>
Endowment Net Assets – Beginning of Year	\$ 2,319,583
Contributions	<u>100,000</u>
Endowment Net Assets – End of Year	<u>\$ 2,419,583</u>

Endowment net asset composition by type of funds as of June 30, 2018 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 621,562	\$ -	\$ 2,719,583	<u>\$ 3,341,145</u>

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2018 and 2017

**Endowment Funds – Continued**

The endowment net gain classified as unrestricted net assets includes the following:

Dividends and interest income	\$ 72,727
Realized gain on sale	4,618
Unrealized gain	227,270
Investment fees	<u>(3,839)</u>
 Total	 <u>\$ 300,776</u>

Endowment net asset composition by type of funds as of June 30, 2017 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 320,786</u>	<u>\$ -</u>	<u>\$ 2,419,583</u>	<u>\$ 2,740,369</u>

The endowment net gain classified as unrestricted net assets includes the following:

Dividends and interest income	\$ 60,891
Realized gain on sale	14,888
Unrealized gain	292,466
Investment fees	<u>(3,110)</u>
 Total	 <u>\$ 365,135</u>

**Investments**

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

<u>2018</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Fixed income securities	\$ 516,884	\$ 504,946	\$ (11,938)
Equity securities	<u>2,460,883</u>	<u>2,955,082</u>	<u>494,199</u>
 Total	 <u>\$ 2,977,767</u>	 <u>\$ 3,460,028</u>	 <u>\$ 482,261</u>
 <u>2017</u>	 <u>Cost</u>	 <u>Fair Value</u>	 <u>Unrealized Gains (Losses)</u>
Fixed income securities	\$ 437,601	\$ 436,236	\$ (1,365)
Equity securities	<u>2,269,082</u>	<u>2,500,440</u>	<u>231,358</u>
 Total	 <u>\$ 2,706,683</u>	 <u>\$ 2,936,676</u>	 <u>\$ 229,993</u>

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2018 and 2017

**Investments – Continued**

The fair value measurement of investments at June 30, 2018 was as follows:

Description	June 30, 2018	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 3,460,028	\$ 3,460,028	\$ -	\$ -

The fair value measurement of investments at June 30, 2017 was as follows:

Description	June 30, 2017	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 2,936,676	\$ 2,936,676	\$ -	\$ -

**Investments Held for Resale**

At June 30, 2018 and 2017, assets held for resale were comprised of the following:

	2018	2017
Land: Reed 1.-1-9	\$ -	\$ 30,504
Land: Dodge	149,833	149,833
Total	\$ 149,833	\$ 180,337

The Dodge land was purchased by the Conservancy during the 2015-2016 fiscal year. The basis of the Dodge land was increased by \$14,205 for professional fees incurred to acquire and sell the property. The Reed land was purchased by the Conservancy during the 2015-2016 fiscal year, and subsequently subdivided two parcels to be held for resale while the main parcel was kept as land held for conservation. The Reed waterfront parcel was sold during the 2016-2017 fiscal year at a loss of \$20,573. The Reed 1.-1-9 parcel was sold during the 2017-2018 fiscal year at a loss of \$5,504.

**Land Held for Conservation**

Land held for conservation as of June 30, 2018 and 2017 consisted of parcels of property owned by the Conservancy for conservation purposes as follows:

	2018	2017
Land – Amy’s Park (Padanarum Park)	\$ 555,433	\$ 555,433
Land – Anthony’s Nose (Eliopolis)	1,353,347	1,353,347
Land – Anthony’s Nose (Access)	240,536	240,536

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2018 and 2017

**Land Held for Conservation – Continued**

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 – Eagle’s Mare	544,630	544,630
Land – Freihofer/PROL	1,424,786	1,424,786
Land – Gull Bay Estates, Inc.	293,769	293,769
Land – Hunt Lake Tract	27,518	27,518
Land – Kraft	12,091	12,091
Land – Last Great Shoreline (Sucker Brook/Gabriel)	4,299,866	4,299,866
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 – Peacock	133,481	133,481
Land – Peggy’s Point (Hague Adirondack Charitable Foundation)	843,366	843,366
Land – Reed	140,764	140,764
Land – Saralib	83,411	83,411
Land – SUNY Albany	86,145	86,145
Land – Terzian	77,482	77,482
Land – Van Hart	77,464	77,464
Land – Whalen	39,594	39,594
Land – Bain	38,845	38,845
Land – Beaver Pond	162,303	162,303
Land – Moody	21,314	21,314
Land – Wing Pond	626,710	626,710
Land – East Brook Preserve	209,000	-
Land – Haigh-Knoblock	81,000	-
Land – Liss	30,000	-
Land – Wilkening	640,000	-
Pinnacle Easement	245,200	245,200
Guest Easement	53,958	53,958
Haigh Easement	77,548	77,548
Miller/Smith Easement	113,661	113,661
Wallace/Porter Easement	98,190	98,190
West Brook Easement	703,446	703,446
Wilkening Easement	460,000	-
Total land held for conservation	<u>\$ 15,013,292</u>	<u>\$ 13,593,292</u>

The land balances include all costs associated with the property including interest on any related debt. Certain properties and easements were donated. Donated parcels are valued at fair market value on the date of the donation where a fair market value is determinable. The Conservancy holds four easements obtained before 2003, two easements obtained in 2015 and one easement obtained in 2017 that have no value assigned to them. The easements include the following:

Federal Hill acquired in August 1990  
 Silver Bay Upland acquired in December 1997  
 Dark Bay Shoreline acquired in January 1998  
 IHH Properties acquired in December 2002  
 Hague Brook 1 & 2 acquired in March 2015  
 Vito Property acquired in December 2017

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2018 and 2017

**Long-Term Debt**

Long-term debt consisted of the following:

	<u>2018</u>	<u>2017</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 was a 0% interest loan until the loan was renegotiated on January 2, 2008. Under an 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. Under a new, 0% interest, agreement dated January 28, 2015, prior accrued interest is payable annually, on July 1, over the next five years beginning with 2015 with outstanding principal due in full on June 30, 2019.	\$ 175,760	\$ 179,140
Mortgage note payable for the purchase of the SUNY Albany property using funds borrowed from The University at Albany Foundation. Payments in the amount of \$16,600, without interest, are due January 31 annually over the next four years beginning in 2017, secured by the property.	33,200	49,800
Mortgage note payable for the purchase of the Peacock property using funds borrowed from Ronald Peacock and Mary Volz-Peacock. Payments in the amount of \$31,250, without interest, are due January 31 annually over the next three years beginning in 2017, secured by the property.	31,250	62,500
Mortgage note payable for the purchase of the Wing Pond property using funds borrowed from I. Robert Wolgin. Interest will accrue at 0.5% annually with increasing principal payments due July 1 and December 15 through 2017 and 2018 with the total outstanding principal and accrued interest due December 15, 2018, secured by the property.	<u>275,000</u>	<u>400,000</u>
Total long-term debt	515,210	691,440
Less: current portion	<u>(495,230)</u>	<u>(176,230)</u>
Long-term debt, net of current portion	<u>\$ 19,980</u>	<u>\$ 515,210</u>

Maturities of long-term debt are as follows:

Years ending	
June 30,	
2019	\$ 495,230
2020	<u>19,980</u>
Total	<u>\$ 515,210</u>

Interest expense totaled \$0 and \$628 for the years ended June 30, 2018 and 2017, respectively. See the capitalized interest footnote below.



LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

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**Joint Venture**

In approximately 2009, Lake George Land Conservancy, Inc., The Lake George Association, Inc. (an unrelated not-for-profit organization) and The Fund for Lake George, Inc. (an unrelated not-for-profit organization) entered into an agreement related to the purchase of one property called "The Berry Pond Tract" and a Conservation Easement ("West Brook") in the Village of Lake George to be purchased in the name of the three organizations.

The Lake George Land Conservancy, Inc. was the sole owner of and was responsible for the purchase price and the related debt for the Berry Pond Tract. This tract was sold to New York State on March 28, 2015. The loss on the sale was \$1,341,641. Related debt was repaid at the date of sale.

The loss on the sale of the Berry Pond Tract was comprised of the following:

Sale proceeds	\$ 1,724,000
Original land cost	(2,654,000)
Costs to maintain property; including sale costs	<u>(411,641)</u>
Loss on sale	<u>\$ (1,341,641)</u>

The Conservancy still retains an interest in the West Brook Conservation Easement. The value of the West Brook Conservation 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.

**Unrestricted Net Assets**

Of the total unrestricted net assets of \$17,566,079 and \$15,630,433 at June 30, 2018 and 2017, respectively, the board has designated net assets for the following purposes:

	<u>2018</u>	<u>2017</u>
Operations reserves	\$ 180,926	\$ 418,848
Land preservation reserves	522,769	489,322
Stewardship defense reserves	<u>88,700</u>	<u>73,000</u>
Unrestricted funds available for reserves	<u>\$ 792,395</u>	<u>\$ 981,170</u>

The Conservancy now calculates the amount for operations reserves using a formula representing approximately three months of operating expenses.

**Temporarily Restricted Net Assets**

Net assets were temporarily restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Land acquisition	\$ 115,455	\$ 183,620
Stewardship projects	46,508	13,134
Office building renovations	<u>6,621</u>	<u>15,478</u>
Total temporarily restricted net assets	<u>\$ 168,584</u>	<u>\$ 212,232</u>

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2018 and 2017

**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. In addition, the Virginia Rowan Smith and High Mountain Endowments consist of permanently restricted funds, the income from which can be used by the Conservancy after an initial 18-month period. Net assets of \$2,719,583 and \$2,419,583 for 2018 and 2017, respectively, are permanently restricted.

**Lease and Rent 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, 2018, a new rental agreement has not been established, but payments continue at the same rate on a month to month basis. Monthly rent is \$800. In addition, a dock is rented to a third party on an annual basis. Rent for this dock was \$2,500 for the years ended June 30, 2018 and 2017. Total lease and rent income was \$12,200 and \$12,100 for the years ended June 30, 2018 and 2017, respectively.

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

	<u>2018</u>	<u>2017</u>
Land and building	\$ 1,364,354	\$ 1,364,354
Less: accumulated depreciation	<u>(364,014)</u>	<u>(330,207)</u>
Net book value	<u>\$ 1,000,340</u>	<u>\$ 1,034,147</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>2018</u>	<u>2017</u>
Program services	\$ 503,404	\$ 528,457
Supporting services:		
Management and general	208,282	176,010
Fundraising	<u>137,406</u>	<u>92,947</u>
Total	<u>\$ 849,092</u>	<u>\$ 797,414</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 \$0 and \$628 for the years ended June 30, 2018 and 2017, respectively, which is included in Investments Held for Resale.

LAKE GEORGE LAND CONSERVANCY, INC.

Notes to Financial Statements

June 30, 2018 and 2017

**Donations**

Professional services and tangible support were donated to the Conservancy in the amount of \$28,005 and \$31,166 for the years ended June 30, 2018 and 2017, respectively. Donations of land and easements totaled \$245,000 and \$214,000 for the years ended June 30, 2018 and 2017, respectively.

**Related Party Transactions**

A board member made a long-term loan to the Conservancy in 2016. The total principal outstanding as of June 30, 2018 and 2017 was \$275,000 and \$400,000, respectively.

**Subsequent Events**

The Conservancy has evaluated all events through February 7, 2019, the date which these financial statements were available to be issued and determined that there are no subsequent events which require disclosure.