

**THE ADIRONDACK COUNCIL, INC.
FINANCIAL REPORT
JUNE 30, 2022**

THE ADIRONDACK COUNCIL, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Adirondack Council, Inc.

Opinion

We have audited the accompanying financial statements of The Adirondack Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Adirondack Council, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Adirondack Council, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Adirondack Council, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Adirondack Council, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Adirondack Council, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prior Period Summarized Comparative Information

The financial statements of The Adirondack Council, Inc.'s for the year June 30, 2021, were audited by other auditors whose report dated October 15, 2021, expressed an unmodified opinion on those statements. The summarized comparative information presented herein, as of, and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marvin and Company, P.C.

Latham, NY

October 26, 2022

THE ADIRONDACK COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 1,046,889	\$ 1,086,167
Cash and cash equivalents - board designated	103,562	510,756
Accounts receivable	442	482
Pledges receivable, net	46,608	87,574
Inventory	29,063	28,518
Investments	6,688,486	8,068,224
Prepaid expenses	2,799	2,400
Security deposits	1,776	1,776
Property and equipment, net	250,892	239,303
Beneficial interest in assets held by Adirondack Foundation:		
Clarence Petty Internship Fund	459,034	445,835
Adirondack Council Fund	270,280	336,834
	<u>8,899,831</u>	<u>10,807,869</u>
TOTAL ASSETS	\$ 8,899,831	\$ 10,807,869
LIABILITIES		
Accounts payable	\$ 38,264	\$ 37,796
Accrued payroll and benefits	85,072	81,219
Deferred revenue	7,750	500
	<u>131,086</u>	<u>119,515</u>
Total Liabilities	<u>131,086</u>	<u>119,515</u>
NET ASSETS		
Without donor restrictions		
Operating	1,177,845	1,145,275
Board designated	7,087,866	9,028,244
Total net assets without donor restrictions	<u>8,265,711</u>	<u>10,173,519</u>
With donor restrictions	<u>503,034</u>	<u>514,835</u>
Total Net Assets	<u>8,768,745</u>	<u>10,688,354</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 8,899,831	\$ 10,807,869

See accompanying notes to financial statements.

THE ADIRONDACK COUNCIL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	<u>Net Assets without Donor Restrictions</u>			<u>Net Assets With Donor Restrictions</u>	<u>Total</u>	
	<u>Operating</u>	<u>Board Designated</u>	<u>Total</u>		<u>2022</u>	<u>2021</u>
Support and Revenue						
Contributions	\$ 2,174,322	\$ 202,545	\$ 2,376,867	\$ 126,996	\$ 2,503,863	\$ 3,147,459
Investment income	1,454	131,984	133,438	-	133,438	109,255
Net (loss) gain on investments	-	(1,650,907)	(1,650,907)	-	(1,650,907)	2,589,644
Rental income	20,620	-	20,620	-	20,620	19,900
Special events	500	-	500	-	500	-
Sales	18,906	-	18,906	-	18,906	29,851
Other income	19	-	19	-	19	1,316
PPP Loan Forgiveness	-	-	-	-	-	266,000
Board designated net assets, authorized transfers	624,000	(624,000)	-	-	-	-
Net assets released from restriction	138,797	-	138,797	(138,797)	-	-
	<u>2,978,618</u>	<u>(1,940,378)</u>	<u>1,038,240</u>	<u>(11,801)</u>	<u>1,026,439</u>	<u>6,163,425</u>
Total Revenues						
	<u>2,978,618</u>	<u>(1,940,378)</u>	<u>1,038,240</u>	<u>(11,801)</u>	<u>1,026,439</u>	<u>6,163,425</u>
Expenses						
Program Services	2,476,084	-	2,476,084	-	2,476,084	2,199,631
Management and general	367,962	-	367,962	-	367,962	329,722
Fund raising	102,002	-	102,002	-	102,002	89,882
	<u>2,946,048</u>	<u>-</u>	<u>2,946,048</u>	<u>-</u>	<u>2,946,048</u>	<u>2,619,235</u>
Total Expenses						
	<u>2,946,048</u>	<u>-</u>	<u>2,946,048</u>	<u>-</u>	<u>2,946,048</u>	<u>2,619,235</u>
Change in Net Assets	<u>32,570</u>	<u>(1,940,378)</u>	<u>(1,907,808)</u>	<u>(11,801)</u>	<u>(1,919,609)</u>	<u>3,544,190</u>
Net Assets - Beginning of Year, previously reported	1,145,275	9,279,879	10,425,154	263,200	10,688,354	7,144,164
Reclassification	-	(251,635)	(251,635)	251,635	-	-
Net Assets - Beginning of Year, restated	<u>1,145,275</u>	<u>9,028,244</u>	<u>10,173,519</u>	<u>514,835</u>	<u>10,688,354</u>	<u>7,144,164</u>
Net Assets - End of Year	<u>\$ 1,177,845</u>	<u>\$ 7,087,866</u>	<u>\$ 8,265,711</u>	<u>\$ 503,034</u>	<u>\$ 8,768,745</u>	<u>\$ 10,688,354</u>

See accompanying notes to financial statements.

THE ADIRONDACK COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total 2022</u>	<u>Total 2021</u>
Salaries	\$ 1,192,854	\$ 123,399	\$ 54,844	\$ 1,371,097	\$ 1,192,303
Benefit allocation	387,495	40,086	17,816	445,397	403,800
Professional fees	277,355	107,191	-	384,546	305,696
Public relations	189,071	16,249	7,222	212,542	152,658
Postage, freight/mailing house	114,001	11,793	5,241	131,035	133,887
Equipment rental/lease/maintenance	69,072	6,494	3,197	78,763	93,232
Printing and publications	70,251	7,267	3,230	80,748	84,316
Rent/lease office space	62,879	6,505	2,891	72,275	73,951
Bad debt expense	-	-	-	-	45,000
Gift incentives/marketing	15,206	2,074	-	17,280	41,291
Travel	51,105	5,287	2,350	58,742	22,224
Dues, fees, and licenses	5,790	21,210	2,554	29,554	21,178
Telecommunications	13,215	1,367	608	15,190	16,736
Bank charges	-	14,173	-	14,173	14,131
Supplies	8,159	1,218	-	9,377	6,494
Directors and officers liability insurance	-	2,445	-	2,445	2,256
Special events	11,851	-	1,771	13,622	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation	2,468,304	366,758	101,724	2,936,786	2,609,153
Depreciation	7,780	1,204	278	9,262	10,082
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 2,476,084	\$ 367,962	\$ 102,002	\$ 2,946,048	\$ 2,619,235

See accompanying notes to financial statements.

THE ADIRONDACK COUNCIL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (1,919,609)	\$ 3,544,190
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	9,262	10,082
Realized loss on sale of investments	669	164
Unrealized investment (gain)loss	1,650,238	(2,589,808)
Changes in:		
Accounts receivable	40	(442)
Pledges receivable	40,966	119,666
Inventory	(545)	2,972
Prepaid expenses	(399)	5,842
Accounts payable	468	22,583
Accrued payroll and benefits	3,853	(25,783)
Deferred revenue	7,250	500
	(207,807)	1,089,966
Net Cash Provided (Used) by Operating Activities		
Cash Flows From Investing Activities		
Proceeds from sale and maturities of investments	180,226	77,771
Purchase of investments	(398,040)	(230,182)
	(217,814)	(152,411)
Net Cash Used by Investing Activities		
Cash Flows From Financing Activities		
Purchases of property and equipment	(20,851)	-
Forgiveness of PPP loan payable	-	(266,000)
	(20,851)	(266,000)
Net Cash Used by Financing Activities		
Change in Cash and Cash Equivalents	(446,472)	671,555
Cash and Cash Equivalents - Beginning of Year	1,596,923	925,368
Cash and Cash Equivalents - End of Year	\$ 1,150,451	\$ 1,596,923

See accompanying notes to financial statements.

THE ADIRONDACK COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. THE COUNCIL

The Adirondack Council, Inc. (the "Council") is a Not-For-Profit Council established to ensure the ecological integrity and wild character of the Adirondack Park region through public education, interaction with government agencies and legislators, and legal action when necessary.

The Adirondack Council, Inc. has long supported working farms and forests for the important conservation, economic, and cultural role they play in the Adirondacks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include bank demand deposit accounts and money market accounts. At times, the balances in bank accounts may exceed federally insured limits. The Council has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

Pledges Receivable

Contributions are recorded as support when pledges are made. All contributions are available for use without restrictions, unless specifically restricted by the donor. Contributions received with donor-imposed restrictions that are met in the same reporting period are classified as revenue without restrictions. A receivable is recorded to the extent that a pledge has been made, but cash has not been collected. Pledges are recorded at their estimated net present value using a short-term discount rate of 2.1% and 1.3% at June 30, 2022 and 2021, respectively. Management has determined that an allowance for uncollectible pledges is not necessary at June 30, 2022 and 2021.

Inventories

Inventories consist of merchandise for resale and are stated at the lower of cost or market.

Investments

All investments in publicly traded securities, equities, and real estate investment trusts are stated at fair value. Fair value is determined using quoted market prices. The fair market value of alternative investments, such as investments in partnerships, is estimated based upon fair market value information provided by the related partnership. All realized and unrealized gains and losses are reported directly in the accompanying statement of activities.

THE ADIRONDACK COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements. In addition, a portion of the investments are held as an endowment and quasi-endowment as described in Note 7. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Fair Value Measurement - Definition and Hierarchy

The Council uses various valuation techniques in determining fair value and classifies them into a three level hierarchy based on the nature of the inputs. Level 1 valuations are based on quoted prices in active markets for identical assets or liabilities that the Center has the ability to access. Level 2 valuations are based on inputs, other than quoted prices included within Level 1 that are observable either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The Council's equity securities, mutual funds, and fixed income funds are valued utilizing Level 1 inputs only. The Council's beneficial interest in assets held by the Adirondack Foundation is primarily valued utilizing Level 2 inputs. The Council has no assets using Level 3 inputs.

Property and Equipment

The costs of property and equipment are depreciated using the straight-line method over the assets' estimated useful lives, which range from 5-40 years. Generally, equipment which has a cost in excess of \$1,500 at the date of acquisition and has an expected useful life of one year or more is capitalized.

Long-Lived Assets

The Council assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized in 2022 or 2021.

Beneficial Interest in Assets Held by Recipient Organization

The Council has two funds established with the Adirondack Foundation. The Council may request to receive an annual distribution for special projects or operating expenses from this fund according to the distribution policy of the Adirondack Foundation. Both funds are part of the Council's quasi endowment, the Forever Wild Fund, with a portion of one fund making up the net assets with donor restrictions of the endowment.

Deferred Revenue

Deferred revenue consists of advance ticket purchases for the Council's Forever Wild Day. These funds will be recognized when the event is held.

THE ADIRONDACK COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

The Council reports gifts of cash and other assets as with donor restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.

Sales Revenue

Sales revenue is recognized as goods are shipped or as the Council satisfies their performance obligations under contracts.

Performance obligations for all of the Council's services are provided and consumed at a point in time, not over time, and therefore all fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period.

Classification of Net Assets

To ensure observance of limitations of restrictions placed on the use of resources available to the Council, the resources are classified for reporting purposes into groups of net assets established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

Net assets of the Council are classified and reported as follows:

Net Assets without Donor Restrictions - Operating - This category of net assets is not restricted by donors or other outside organizations. The Board of Directors can authorize the use of these assets, as it desires, to carry on the purposes of the Council.

Net Assets without Donor Restrictions - Board Designated - This category of net assets has been designated by the Board of Directors. The Board has designated these assets be placed into the Forever Wild Fund. The Forever Wild Fund was established to provide for certain costs of protecting the Adirondack Park for future generations, including but not limited to a pure waters campaign, the creation of a land stewardship program, creation of the Bob Marshall Great Wilderness, and the establishment of legal and publication funds. These funds are not an endowment fund. The assets can be used at the discretion of the Board of Directors in following the Council's mission and In accordance with board policy (see Note 7).

Net Assets with Donor Restrictions – Net assets with donor restrictions include resources that have been donated to the Council subject to restrictions defined by the donor. These restrictions will be met either by actions of the Council and/or the passage of time. As of June 30, 2022 and 2021, these funds are restricted for the long-term Forever Wild Fund pledges, the Adirondack Vision Project pledges, and the Clarence Petty Internship Fund. Net assets with donor restrictions also includes donor-imposed restrictions that stipulate those resources be maintained intact permanently, but which permit the Council to use up or expend the income derived from the donated assets for operating purposes (see Notes 8 & 9).

Donated Services

The Council receives donated services from a variety of unpaid volunteers for which no amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort has not been satisfied.

THE ADIRONDACK COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Due to changes in factual circumstances and accounting estimates, the allocation of certain costs across the programs and supporting services will vary from year to year. Salaries and employee benefits are allocated based on the employee's job responsibilities and duties performed.

Advertising

The Council expenses advertising costs as incurred. Advertising was \$80,206 and \$52,548 for the year ended June 30, 2022 and 2021, respectively.

Income Taxes

The Council is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Council has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Reclassifications

Certain 2021 amounts have been reclassified to conform to the 2022 financial statement presentation. The reclassifications had no impact on change in net assets or net assets.

3. LIQUIDITY

The Council is substantially supported by contributions received from donors and investment earnings. The following reflects the Council's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,046,889	\$ 1,086,167
Cash and cash equivalents - board designated	103,562	510,756
Accounts receivables	442	482
Pledges receivable, net	46,608	87,574
Investments	<u>6,688,486</u>	<u>8,068,224</u>
Total Financial Assets	<u>7,885,987</u>	<u>9,753,203</u>

THE ADIRONDACK COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

3. LIQUIDITY

	<u>2022</u>	<u>2021</u>
Less: those unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	\$ 239,550	\$ 308,200
Cash and cash equivalents - board designated	103,562	510,756
Long-term portion of pledges receivable, net	<u>5,000</u>	<u>45,000</u>
Total	<u>348,112</u>	<u>863,956</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 7,537,875</u>	<u>\$ 8,889,247</u>

The Council's ability to meet its cash needs is highly dependent on timely collection of its pledges receivable as well as its investment returns. As part of the Council's liquidity management, the Council could manage vendor relationships to extend payment terms when possible. They have engaged in fundraising efforts over the years to supplement operating cash flow and build up investment reserves. In addition, in the event of an unanticipated liquidity need, the Council may request Board approval to utilize the board designated cash and cash equivalents for general expenditures. During the years ended June 30, 2022 and 2021, the Council's Board of Directors authorized the transfer of \$624,000 and \$-0-, respectively, from board designated to operating net assets.

4. PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give:

	<u>2022</u>	<u>2021</u>
Unconditional promises to give	<u>\$ 46,825</u>	<u>\$ 87,825</u>
Amounts due in:		
Less than one year	\$ 41,825	\$ 42,825
One to five years	<u>5,000</u>	<u>45,000</u>
	46,825	87,825
Less: Discount to present value	<u>(217)</u>	<u>(251)</u>
Net Unconditional Promises to Give	<u>\$ 46,608</u>	<u>\$ 87,574</u>

5. INVESTMENTS

Investments consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Equities - exchange traded funds	\$ 6,685,458	\$ 8,065,196
Investment in limited partnership	<u>3,028</u>	<u>3,028</u>
Total Investments	<u>\$ 6,688,486</u>	<u>\$ 8,068,224</u>

**THE ADIRONDACK COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

5. INVESTMENTS

The following investments are valued at net asset values per share (unitized basis) as of June 30, 2022 and 2021:

	<u>Fair Value at 2022</u>	<u>Fair Value at 2021</u>	<u>2022 Unfunded Commitments</u>	<u>2021 Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Investments in pooled interest and limited partnerships	\$ 3,028	\$ 3,028	\$ -	\$ -	Quarterly	35 days

Investments in Pooled Interest and Limited Partnerships

These funds pursue multiple strategies to diversify risks and reduce volatility. These funds typically shift from value to growth strategies in an effort to increase the fund's income, reduce the volatility of returns, and improve the reward/risk of the stock portfolio. The majority of the fund's holdings are long/short term market securities and equity funds including bonds, debentures, domestic and international equities, equity-related instruments, short sales, fixed income securities, currencies, futures, forward contracts, swaps, other derivatives, and other financial instruments and commodities.

The fair value of these investments have been estimated using the net asset value per share of the investments as provided by the hedge fund managers. Approximately .39% of investments in this category are not permitted for redemption as the investments are in liquidation.

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 100,000	\$ 100,000
Building and improvements	275,055	275,055
Leasehold improvements	59,796	42,350
Furniture and equipment	<u>14,640</u>	<u>16,749</u>
Total	449,491	434,154
Less: Accumulated depreciation	<u>(198,599)</u>	<u>(194,851)</u>
Total Property and Equipment	<u>\$ 250,892</u>	<u>\$ 239,303</u>

Depreciation expense for 2022 and 2021 was \$9,262 and \$10,082, respectively.

THE ADIRONDACK COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

7. BOARD DESIGNATED NET ASSETS

Over the years, the Council has received gifts without donor restrictions that the Board has designated for a specific purpose. These gifts are accumulated in a fund called the Forever Wild Fund. Most of the Forever Wild Fund is invested by the Council. The Board has adopted investment and spending policies for these assets that attempt to maintain the corpus of the fund while allowing the account to grow in order to provide resources that ensure that the Council can achieve its mission.

Under the investment policy approved by the Board of Directors, Forever Wild Fund assets held by the Council are substantially invested in low cost (index) equity funds. This investment strategy tolerates the inherent volatility in favor of the historically higher long-term returns from equity markets. The spending policy is designed to provide an average 5% payout, if required, although this should be considered the intended distribution policy and could change according to the discretion of the Board of Directors.

A smaller portion of the Forever Wild Fund is held at the Adirondack Foundation for the benefit of the Council. This portion of the Forever Wild Fund is called the Adirondack Council Fund. This fund is derived either from donor gifts directly to the Foundation or from donor gifts received by the Council and transferred to the Foundation. The Council holds a beneficial interest in these assets and may request asset transfers from this Fund (see Note 8).

Because none of the funds in the Forever Wild Fund are restricted by donors to be treated as endowments, the Forever Wild Fund is referred to as a quasi-endowment fund and its assets are considered Board Designated Funds. As of June 30, 2022 and 2021, the Board Designated Funds were \$7,087,866 and \$9,028,244, respectively.

8. BENEFICIAL INTEREST IN ASSETS HELD BY RECIPIENT ORGANIZATION

The Council has a beneficial interest in assets held by the Adirondack Foundation (the Foundation), which consist of two funds, the Clarence Petty Internship Fund (the Fund) and the Adirondack Council Fund.

Clarence Petty Internship Fund

The Fund has been donor restricted to be used only for the purpose of funding the costs of internships at the Council. A portion of the Fund is also donor restricted as a perpetual endowment, thereby preserving the original corpus of that portion of gifts in the Fund while allowing income or appreciation derived from these gifts to be expended for the Fund's purpose. The Foundation retains certain variance powers over the Fund, which gives the Foundation the right to distribute income of the Fund to the Council in accordance with the spending policy of the Foundation's board. The Council can apply for distributions from the Fund to cover costs associated with their internship program.

Adirondack Council Fund

This Fund is derived from either donor gifts made directly to the Foundation on behalf of the Council or from donor gifts received by the Council and transferred to the Foundation. Assets held in this fund are part of the Council's overall quasi-endowment fund called the Forever Wild Fund (see Note 7). Distributions from this Fund can be requested by the Council and are determined by the Council's board of directors.

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8. BENEFICIAL INTEREST IN ASSETS HELD BY RECIPIENT ORGANIZATION

Changes in the beneficial interest in net assets held by recipient organization for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Adirondack Council Fund</u>	<u>Clarence Petty Internship Fund</u>	<u>Adirondack Council Fund</u>	<u>Clarence Petty Internship Fund</u>
Assets - Beginning of Year	\$ 336,834	\$ 445,835	\$ 266,618	\$ 287,345
Investment Return:				
Net appreciation (depreciation), (realized and unrealized)	(53,250)	(90,486)	73,724	(3,765)
Fees	<u>(3,704)</u>	<u>(5,311)</u>	<u>(3,508)</u>	<u>81,281</u>
Total Investment Return	<u>(56,954)</u>	<u>(95,797)</u>	<u>70,217</u>	<u>77,516</u>
Board Designations, Transfers and Contributions	5,000	126,996	-	80,975
Board Designated Distributions Appropriated Endowment Assets for Expenditure	<u>(14,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>(18,000)</u>	<u>-</u>	<u>-</u>
Endowment Net Assets - End of Year	<u>\$ 270,280</u>	<u>\$ 459,034</u>	<u>\$ 336,834</u>	<u>\$ 445,835</u>

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets restricted by donors at June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Restricted for specific purpose:		
Forever Wild Fund pledges receivable	\$ 4,000	\$ 4,000
Adirondack Vision pledges receivable	40,000	65,000
Clarence Petty intern fund (see Note 8)	<u>247,894</u>	<u>234,695</u>
	291,894	303,695
Donor Restricted Endowments - Clarence Petty intern fund (see Note 8)	<u>211,140</u>	<u>211,140</u>
Total Net Assets With Donor Restrictions	<u>\$ 503,034</u>	<u>\$ 514,835</u>

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10. PENSION PLANS

The Council has a tax-sheltered annuity plan that as of February 2018 was no longer accepting new participants or future contributions. On July 1, 2018, the Council established and began offering a defined contribution 401(k) safe harbor profit-sharing plan to all its eligible employees. Council employees are eligible to participate in the plan as of their date of hire and upon attaining age 21. The Council will make a safe harbor contribution equal to 100% of an eligible employees first 3% of salary deferrals and 50% of the next 2% of salary deferrals. During the years ended June 30, 2022 and 2021, the Council contributed \$56,895 and \$53,594, respectively, to the plan.

11. PAYCHECK PROTECTION PROGRAM

In May 2020, the Council entered into an arrangement with a bank under the auspices of the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief & Economic Security Act (CARES Act) under which the Council received \$266,000. This arrangement was evidenced by a loan agreement that includes provisions whereby the loan balance can be fully or partially forgiven based on the Council's use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements to the Bank in accordance with the requirements of the PPP Program.

The Council elected to account for the PPP arrangement as a conditional contribution and income is recorded as the conditions meeting the requirements for forgiveness are substantially met. Through June 30, 2021, the Council estimated that it has administered the full proceeds of its PPP arrangement and managed its staff complement in a manner that met the conditions for forgiveness of \$266,000 received under the PPP arrangement. This amount is recognized in the statements of activities and changes in net assets. The Council received notice that the loan was forgiven in January 2021.

12. COMMITMENTS AND CONTINGENCIES

Leases

The Council leases office space and equipment under operating leases. Rent expense charged to operations was \$48,749 and \$44,545 for the years ended June 30, 2022 and 2021, respectively. Future minimum noncancelable lease payments for leases with lease terms in excess of one year at June 30, for the next five years are as follows:

2023	\$ 39,430
2024	38,762
2025	28,823
2026	26,400
2027	26,400

The Council is a lessor of real property under operating leases. The Council has a one-year commitment from each lease. Income from the leasing activities was \$20,620 and \$19,900, respectively, for the years ended June 30, 2022 and 2021.

THE ADIRONDACK COUNCIL, INC.
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12. COMMITMENTS AND CONTINGENCIES

Charitable Remainder Unitrusts

In December 1996, the Council was notified that it was named as a remainder beneficiary of a charitable remainder unitrust, along with two other organizations. Since the donors have retained the right to designate other organizations in place of one or more of the remainder beneficiaries, no accounting recognition has been given to this gift.

COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID - 19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The overall impact of this situation on the Council and its future results and financial position is not presently determinable.

13. CARBON CREDITS

The Council purchases Carbon Credits at the quarterly Regional Greenhouse Gas Initiative auctions in blocks of 1,000. The price paid depends on the current market value. No credits were purchased for the years ending June 30, 2022 and 2021. As of June 30, 2022, the Council had 1,027 credits remaining to either retire and/or donate.

For the years ended June 30, 2022 and 2021, \$1,640 and \$825 in contributions were received in exchange for the retirement of 134 and 33 of these credits, respectively. In addition, 0 credits and 400 credits were donated to local radio stations for the years ending June 30, 2022 and 2021, respectively. The Council had retired/donated a total of 15,973 and 15,839 credits as of June 30, 2022 and 2021, respectively. In May 2016, the carbon certificate program was changed to "Cool Farms/Healthy Park" which retires one ton of carbon for \$25. Proceeds from the purchase of Cool Farms/Healthy Park certificates support micro grants for locals farms and the acquisition of additional carbon credits. Every allowance the Adirondack Council buys and retires means one less ton of carbon in the air.

14. FUTURE ACCOUNTING STANDARDS

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, Leases (Topic 842), which was effective for fiscal years beginning after December 15, 2019. Subsequently, in November 2019 FASB issued ASU 2019-10 extending the effective date to fiscal years beginning after December 15, 2020, and then in June 2020, the FASB issued ASU 2020-05, which extended the effective date to fiscal years beginning after December 15, 2021. The standard requires a change in the way the Council will account for its leases, eliminating operating leases and requiring lease obligations to be recorded as a liability on the balance sheet with a corresponding right to use asset. Management is currently evaluating the impact of this standard on their financial statements

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15. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at June 30:

	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
June 30, 2022:				
Equities - exchange traded funds	\$ 6,685,458	\$ -	\$ -	\$ 6,685,458
Beneficial interest in assets held by the Adirondack Foundation	<u>-</u>	<u>729,314</u>	<u>-</u>	<u>729,314</u>
Total	6,685,458	729,314	-	7,414,772
Investments Measured at Net Asset Value (a)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,028</u>
Total	<u>\$ 6,685,458</u>	<u>\$ 729,314</u>	<u>\$ -</u>	<u>\$ 7,417,800</u>
June 30, 2021:				
Equities - exchange traded Funds	\$ 8,065,196	\$ -	\$ -	\$ 8,065,196
Beneficial interest in assets held by the Adirondack Foundation	<u>-</u>	<u>782,669</u>	<u>-</u>	<u>782,669</u>
Total	8,065,196	782,669	-	8,847,865
Investments Measured at Net Asset Value (a)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,028</u>
Total	<u>\$ 8,065,196</u>	<u>\$ 782,669</u>	<u>\$ -</u>	<u>\$ 8,850,893</u>

(a) In accordance with ASC Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit a reconciliation of the fair value hierarchy to the line items presented in the statement of financial position.

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 26, 2022 which is the date the financial statements were available to be issued.