

THE ADIRONDACK COUNCIL, INC.

**Financial Statements as of
June 30, 2018
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 26, 2018

To the Board of Directors of
The Adirondack Council, Inc.:

We have audited the accompanying financial statements of The Adirondack Council, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year 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 accounting principles generally accepted in the United States of America; this includes 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 audit. We conducted our audit 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.

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INDEPENDENT AUDITOR'S REPORT

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Opinion

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, 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Adirondack Council, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 5, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report of Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The 2017 supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 supplementary information is fairly stated in all material respects in relation to the financial statements from which it has been derived.

THE ADIRONDACK COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 514,966	\$ 327,758
Cash and cash equivalents - Board designated	407,203	302,365
Accounts receivable	1,292	416
Pledges receivable, net	327,153	377,096
Inventory	27,635	29,662
Investments	5,182,272	4,736,068
Prepaid expenses	6,203	10,723
Property and equipment, net	259,453	265,074
Beneficial interest in assets held by Adirondack Foundation:		
Clarence Petty Internship Fund	286,147	264,961
Adirondack Council Fund	<u>230,549</u>	<u>163,850</u>
	<u>\$ 7,242,873</u>	<u>\$ 6,477,973</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 8,784	\$ 31,962
Accrued expenses	62,968	56,134
Deferred revenue	9,825	9,100
Mortgage payable	<u>58,191</u>	<u>72,496</u>
Total liabilities	<u>139,768</u>	<u>169,692</u>
NET ASSETS:		
Unrestricted -		
Operating	409,093	463,731
Board designated	<u>6,195,548</u>	<u>5,520,850</u>
Total unrestricted net assets	6,604,641	5,984,581
Temporarily restricted	372,464	207,700
Permanently restricted	<u>126,000</u>	<u>116,000</u>
Total net assets	<u>7,103,105</u>	<u>6,308,281</u>
	<u>\$ 7,242,873</u>	<u>\$ 6,477,973</u>

The accompanying notes are an integral part of these statements.

THE ADIRONDACK COUNCIL, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

(With Comparative Totals for 2017)

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total	
	Operating	Board Designated	Total Unrestricted			2018	2017
SUPPORT AND REVENUE:							
Contributions	\$ 1,597,549	\$ 229,452	\$ 1,827,001	\$ 313,130	\$ 10,000	\$ 2,150,131	\$ 1,929,697
Investment income	3,102	75,635	78,737	-	-	78,737	119,929
Net gain (loss) on investments	-	481,245	481,245	-	-	481,245	500,519
Rental income	21,360	-	21,360	-	-	21,360	21,590
Special events	10,100	-	10,100	-	-	10,100	9,845
Sales, net	26,333	-	26,333	-	-	26,333	27,829
Recovery of bad debts	-	-	-	-	-	-	23,000
Other income	512	-	512	-	-	512	40
Net assets released from restriction	<u>260,000</u>	<u>(111,634)</u>	<u>148,366</u>	<u>(148,366)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,918,956</u>	<u>674,698</u>	<u>2,593,654</u>	<u>164,764</u>	<u>10,000</u>	<u>2,768,418</u>	<u>2,632,449</u>
EXPENSES:							
Program services	1,582,175	-	1,582,175	-	-	1,582,175	1,588,411
Management and general	317,421	-	317,421	-	-	317,421	279,323
Fund raising	<u>73,998</u>	<u>-</u>	<u>73,998</u>	<u>-</u>	<u>-</u>	<u>73,998</u>	<u>69,384</u>
Total expenses	<u>1,973,594</u>	<u>-</u>	<u>1,973,594</u>	<u>-</u>	<u>-</u>	<u>1,973,594</u>	<u>1,937,118</u>
CHANGE IN NET ASSETS	<u>(54,638)</u>	<u>674,698</u>	<u>620,060</u>	<u>164,764</u>	<u>10,000</u>	<u>794,824</u>	<u>695,331</u>
NET ASSETS - beginning of year	<u>463,731</u>	<u>5,520,850</u>	<u>5,984,581</u>	<u>207,700</u>	<u>116,000</u>	<u>6,308,281</u>	<u>5,612,950</u>
NET ASSETS - end of year	<u>\$ 409,093</u>	<u>\$ 6,195,548</u>	<u>\$ 6,604,641</u>	<u>\$ 372,464</u>	<u>\$ 126,000</u>	<u>\$ 7,103,105</u>	<u>\$ 6,308,281</u>

The accompanying notes are an integral part of these statements.

THE ADIRONDACK COUNCIL, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018 (With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 794,824	\$ 695,331
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	8,697	7,541
Realized (gain) loss on sale of investments	(525,554)	303
Unrealized investment (gain) loss	44,309	(500,822)
Changes in:		
Accounts receivable	(876)	510
Pledges receivable	49,943	99,053
Inventory	2,027	(175)
Prepaid expenses	4,520	(4,029)
Accounts payable	(23,178)	4,630
Accrued expenses	6,834	9,869
Deferred revenue	725	(270)
Net cash flow from operating activities	<u>362,271</u>	<u>311,941</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale and maturities of investments	4,496,122	364,608
Purchase of investments	(4,653,804)	(609,425)
Purchase of fixed assets	<u>(3,076)</u>	<u>(22,500)</u>
Net cash flow from investing activities	<u>(160,758)</u>	<u>(267,317)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of long-term debt	<u>(14,305)</u>	<u>(16,630)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	187,208	27,994
CASH AND CASH EQUIVALENTS - beginning of year	<u>327,758</u>	<u>299,764</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 514,966</u>	<u>\$ 327,758</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 2,589</u>	<u>\$ 2,823</u>

The accompanying notes are an integral part of these statements.

THE ADIRONDACK COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

1. THE ORGANIZATION

The Adirondack Council, Inc. (the "Council") is a Not-For-Profit organization 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.

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 unrestricted use, unless specifically restricted by the donor. Contributions received with donor-imposed restrictions that are met in the same reporting period are classified as unrestricted revenue. 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 2.34% and 1.89% at June 30, 2018 and 2017, respectively. Management has determined that an allowance for uncollectible pledges is not necessary at June 30, 2018 and 2017.

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, real estate investment trusts, and mutual funds 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

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 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 6. 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.

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 2018 or 2017.

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 permanently restricted assets of the endowment. The beneficial interest in assets held is recorded at fair market value as of June 30, 2018 and 2017.

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.

Contributions

The Council reports gifts of cash and other assets as either temporarily restricted or permanently 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets (Continued)

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

Unrestricted – This category of net assets is not restricted by donors or other outside agencies. The Board of Directors can authorize the use of these assets, as it desires, to carry on the purposes of the Council.

Unrestricted - 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.

Temporarily Restricted – Temporarily restricted net assets 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, 2018 and 2017, these funds are restricted for the long-term portion of the Forever Wild Fund pledges and the Adirondack Vision Project.

Permanently Restricted – Permanently restricted net assets that have donor-imposed restrictions that stipulate that 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.

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 either because the criteria for recognition of such volunteer effort has not been satisfied or because of the difficulty in establishing a fair market value for the services provided.

Allocation of Expenses

The costs of the Council's environmental education and advocacy programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited.

Advertising

The Council expenses advertising costs as incurred. Advertising was \$60,109 and \$74,018 for the year ended June 30, 2018 and 2017, 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, 2017, from which the summarized information was derived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, fixed income funds, and beneficial interest in recipient organizations are valued utilizing Level 1 inputs only. The Council's beneficial assets held by the Adirondack Foundation are primarily valued utilizing Level 2 inputs. The Council has no assets using Level 3 inputs.

3. PLEDGES RECEIVABLE

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

	<u>2018</u>	<u>2017</u>
Unconditional promises to give	<u>\$ 327,795</u>	<u>\$ 380,025</u>
Amounts due in:		
Less than one year	168,461	172,325
One to five years	<u>159,334</u>	<u>207,700</u>
	327,795	380,025
Less: Allowance for uncollectible pledges	-	-
Less: Discount to present value	<u>(642)</u>	<u>(2,929)</u>
Net unconditional promises to give	<u>\$ 327,153</u>	<u>\$ 377,096</u>

4. INVESTMENTS

Investments consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Equities - common stock	\$ 5,106,465	\$ 2,794,714
Investment in pooled interest	72,779	696,601
Investment in limited partnership	3,028	3,028
Mutual funds	-	757,951
Fixed income	<u>-</u>	<u>483,774</u>
	<u>\$ 5,182,272</u>	<u>\$ 4,736,068</u>

4. INVESTMENTS (Continued)

Net investment income, including interest on cash, consisted of the following for the year ended June 30:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 78,737	\$ 119,929
Realized and unrealized gains (losses), net	<u>481,245</u>	<u>500,519</u>
	<u>\$ 559,982</u>	<u>\$ 620,448</u>

Investment management fees are \$3,662 and \$31,152 incurred during 2018 and 2017, respectively, and are included on the statement of activities within management and general.

The following investments are valued at net asset values per share (unitized basis) as of June 30, 2018 and 2017:

	<u>Fair Value at 6/30/18</u>	<u>Fair Value at 6/30/17</u>	<u>2018 Unfunded Commitments</u>	<u>2017 Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Investments in pooled interest and limited partnerships	<u>\$ 75,807</u>	<u>\$ 699,629</u>	<u>\$ -</u>	<u>\$ -</u>	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.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 100,000	\$ 100,000
Building and improvements	275,055	275,055
Leasehold improvements	42,350	42,350
Furniture and equipment	<u>22,919</u>	<u>19,843</u>
	440,324	437,248
Less: Accumulated depreciation	<u>(180,871)</u>	<u>(172,174)</u>
	<u>\$ 259,453</u>	<u>\$ 265,074</u>

Depreciation expense for 2018 and 2017 was \$8,697 and \$7,541, respectively.

6. BENEFICIAL INTEREST IN ASSETS HELD BY RECIPIENT ORGANIZATION AND QUASI- ENDOWMENT POLICIES

The Council has a beneficial interest in assets held by the Adirondack Foundation. The funds are provided by the Council and managed by 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.

Distributions from the fund shall be in accordance with the spending policy established by the Board of Adirondack Foundation and shall be paid and distributed at least annually, or more frequently, as the parties may from time to time agree. Distributions in excess of the amount dictated by the Board's spending policy may be made in any year as determined by the Board provided one of the following conditions is met: (1) the Council is faced with unexpected financial needs in the internship program, and the distribution will enable the Council to meet those needs, or (2) for other compelling reasons. Recommendations for such distributions may be made to Adirondack Foundation by the Board of the Council. Such recommendations shall be solely advisory and are not binding on Adirondack Foundation.

Total beneficial interest in assets held by a recipient organization are \$516,696 and \$428,811 for the years ended June 30, 2018 and 2017, respectively.

Quasi-Endowment Policies

The governing body of the Council has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on donor-restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income (interest and dividends).

The Council has adopted investment and spending policies for endowment assets that attempt to maintain the corpus of the fund while allowing the account to grow in order to provide resources to ensure the Council's mission. Endowment assets include both permanently restricted endowment funds and unrestricted board-designated funds as of June 30, 2018 and 2017.

6. BENEFICIAL INTEREST IN ASSETS HELD BY RECIPIENT ORGANIZATION AND QUASI-ENDOWMENT POLICIES (Continued)

Quasi-Endowment Policies (Continued)

Under this policy, as approved by the Board of Directors, the endowment net assets are primarily invested in equities and fixed income funds. The general investment strategy includes structuring the investments to provide a steady stream of income that could meet an annual 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.

To satisfy its long-term rate-of-return objectives, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Council targets a diversified asset allocation (see information above) that places a greater emphasis on equity-based investments to achieve its long-term objectives with prudent risk constraints.

There is no annual target for expenditures. Management periodically presents initiatives that they feel worthy of support. These suggestions are reviewed and funds are appropriated on occasion for items deemed worthwhile.

Changes in endowment net assets for the years ended June 30, 2018 and June 30, 2017 are as follows:

	2018		2017	
	Unrestricted Board <u>Designated</u>	Permanently <u>Restricted</u>	Unrestricted Board <u>Designated</u>	Permanently <u>Restricted</u>
Endowment net assets - beginning of year	\$ 322,909	\$ 116,000	\$ 213,030	\$ 106,000
Investment return:				
Investment income, net of fees	(5,652)	-	(4,486)	-
Net appreciation (depreciation),(realized and unrealized)	<u>36,537</u>	<u>-</u>	<u>52,865</u>	<u>-</u>
Total investment return	<u>30,885</u>	<u>-</u>	<u>48,379</u>	<u>-</u>
Board designations, transfers and contributions	57,000	10,000	71,500	10,000
Appropriate of endowment assets for expenditure	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
Endowment net assets - end of year	<u>\$ 400,794</u>	<u>\$ 126,000</u>	<u>\$ 322,909</u>	<u>\$ 116,000</u>

7. MORTGAGE PAYABLE

The Council has a mortgage payable to a bank payable in monthly installments of \$1,612, including interest at a variable rate of 4.75%, through June 2021. Amounts outstanding are secured by real property. Future annual principal payments are as follows for the years ending June 30:

2019	\$	18,518
2020		19,523
2021		<u>20,150</u>
	\$	<u>58,191</u>

Total interest expense was \$2,589 and \$2,823 during the years ended June 30, 2018 and 2017, respectively.

8. LINE-OF-CREDIT

The Council had an available line-of-credit in the amount of \$1,000,000 with a variable interest rate equal to LIBOR. There was no balance outstanding on this line-of-credit as of June 30, 2017 and the line-of-credit was closed in August 2017.

9. PENSION PLAN

The Council offers a defined contribution plan to all employees. The Council contributes to the plan, which consists of individual employee's tax sheltered annuities. In February 2018, the Council changed its retired plan from a tax-sheltered annuity to a 401(k) plan. In addition, each employee may contribute a portion of his or her salary to their annuity accounts. The Council contributed \$48,474 and \$41,545 to the plan during the years ended June 30, 2018 and 2017, respectively.

10. COMMITMENTS AND CONTINGENCIES

Leases

The Council leases office space and equipment under operating leases. Rent expense charged to operations was \$44,850 and \$43,119 for the years ended June 30, 2018 and 2017, respectively. Future minimum leases payments under these obligations are as follows for years ending June 30:

2019	\$	41,136
2020		38,868
2021		35,671
2022		<u>-</u>
	\$	<u>115,675</u>

The Council is a lessor of real property under an operating lease. The Council has a one-year commitment from each lease. Income from the leasing activities was \$21,360 and \$21,590 for the years ended June 30, 2018 and 2017, respectively.

10. COMMITMENTS AND CONTINGENCIES (Continued)

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.

11. 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. None were purchased in the year ending June 30, 2018. For the year ended June 30, 2017, two thousand credits were purchased, for a total of \$5,060.

For the years ended June 30, 2018 and 2017, \$1,930 and \$3,795 in contributions were received in exchange for the retirement of 97 and 231 of these credits, respectively. In addition, 277 credits were donated to local radio stations for the year ending June 30, 2018. The Council had retired/donated a total of 14,573 and 14,199 credits as of June 30, 2018 and 2017, 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 local 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.

12. FAIR VALUE MEASUREMENTS

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

	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	<u>Total</u>
June 30, 2018:				
Equities - common stock	\$5,106,465	\$ -	\$ -	\$5,106,465
Beneficial interest in assets held by the Adirondack Foundation	-	<u>516,696</u>	-	<u>516,696</u>
	<u>5,106,465</u>	<u>516,696</u>	-	<u>5,623,161</u>
Investments measured at net asset value	-	-	-	<u>75,807</u>
	<u>\$5,106,465</u>	<u>\$ 516,696</u>	<u>\$ -</u>	<u>\$5,698,968</u>

12. FAIR VALUE MEASUREMENTS

	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	<u>Total</u>
June 30, 2017:				
Equities - common stock	\$2,794,714	\$ -	\$ -	\$2,794,714
Mutual funds	757,951	-	-	757,951
Fixed income funds	483,774	-	-	483,774
Beneficial interest in assets held by the Adirondack Foundation	-	<u>428,811</u>	-	<u>428,811</u>
	<u>4,036,439</u>	<u>428,811</u>	-	<u>4,465,250</u>
Investments measured at net asset value	<u>-</u>	<u>-</u>	<u>-</u>	<u>699,629</u>
	<u>\$4,036,439</u>	<u>\$ 428,811</u>	<u>\$ -</u>	<u>\$5,164,879</u>

There were no changes in valuation techniques during 2018 and 2017.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 26, 2018, which is the date the financial statements were available to be issued.

THE ADIRONDACK COUNCIL, INC.

SCHEDULE I

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

(With Comparative Totals for 2017)

	Program Services	Management and General	Fundraising	Total 2018	Total 2017
Salaries	\$ 704,300	\$ 120,247	\$ 34,356	\$ 858,903	\$ 823,855
Benefit allocation	246,107	42,018	12,005	300,130	274,136
Professional fees	134,455	39,290	-	173,745	195,233
Public relations	123,464	21,079	6,023	150,566	137,036
Postage, freight/mailing house	90,371	15,430	4,408	110,209	124,208
Printing and publications	67,697	11,558	3,302	82,557	64,442
Travel	53,276	9,095	2,599	64,970	63,879
Equipment rental/lease/maintenance	47,505	8,111	2,317	57,933	63,820
Rent/lease office space	45,594	7,784	2,224	55,602	54,843
Dues, fees and licenses	6,042	17,925	3,871	27,838	46,912
Special events	21,487	3,669	1,048	26,204	17,493
Telecommunications	13,659	2,332	666	16,657	17,381
Gift incentives/marketing	12,040	2,056	587	14,683	16,498
Bank charges	-	12,482	-	12,482	10,801
Supplies	4,999	853	244	6,096	11,786
Pass-through grant expense	4,135	-	-	4,135	-
Directors and officers liability insurance	-	2,187	-	2,187	2,194
Carbon credits	-	-	-	-	5,060
	<u>1,575,131</u>	<u>316,116</u>	<u>73,650</u>	<u>1,964,897</u>	<u>1,929,577</u>
Total expenses before depreciation					
Depreciation	<u>7,044</u>	<u>1,305</u>	<u>348</u>	<u>8,697</u>	<u>7,541</u>
	<u>\$ 1,582,175</u>	<u>\$ 317,421</u>	<u>\$ 73,998</u>	<u>\$ 1,973,594</u>	<u>\$ 1,937,118</u>

The accompanying notes are an integral part of this schedule.