

**THE ADIRONDACK COUNCIL, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**JUNE 30, 2023 AND 2022**

**THE ADIRONDACK COUNCIL, INC.**

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BUSINESS  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Adirondack Council, Inc.

### *Opinion*

We have audited the financial statements of The Adirondack Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of The Adirondack Council, Inc. as of June 30, 2023, 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 (GAAS). 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.

### *Prior Period Financial Statements*

The financial statements of The Adirondack Council, Inc. as of June 30, 2022, were audited by Marvin and Company, P.C. who merged with Mengel, Metzger, Bar & Co. LLP as of January 1, 2023, and whose report dated October 26, 2022, expressed an unmodified opinion on those statements.

### *Change in Accounting Principle*

As discussed in Note 2 and Note 11 to the financial statements, during the year ended June 30, 2023, The Adirondack Council, Inc. adopted new accounting guidance Financial Accounting Standards Board's Accounting Standards Update 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

### *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.

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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 for 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 GAAS 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 GAAS, 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.

*Mengel, Metzger, Barw & Co. LLP*

Latham, NY  
October 14, 2023

**THE ADIRONDACK COUNCIL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,095,369	\$ 1,046,889
Cash and cash equivalents - board designated	3,147	103,562
Accounts receivable	-	442
Pledges receivable, net	19,000	46,608
Inventory	36,626	29,063
Investments	7,722,781	6,688,486
Prepaid expenses	6,899	2,799
Security deposits	1,776	1,776
Property and equipment, net	257,169	250,892
Beneficial interest in assets held by Adirondack Foundation:		
Clarence Petty Internship Fund	507,959	459,034
Adirondack Council Fund	282,228	270,280
Right-of-use asset - operating leases	202,277	-
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 10,135,231</b>	<b>\$ 8,899,831</b>
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Accounts payable	\$ 28,467	\$ 38,264
Accrued payroll and benefits	98,212	85,072
Deferred revenue	18,525	7,750
Lease liabilities - operating leases	199,281	-
	<hr/>	<hr/>
Total Liabilities	344,485	131,086
	<hr/>	<hr/>
<b>NET ASSETS</b>		
Without donor restrictions		
Operating	1,173,409	1,177,845
Board designated	8,090,378	7,087,866
Total net assets without donor restrictions	<hr/> 9,263,787	<hr/> 8,265,711
With donor restrictions	<hr/> 526,959	<hr/> 503,034
Total Net Assets	<hr/> 9,790,746	<hr/> 8,768,745
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,135,231</b>	<b>\$ 8,899,831</b>
	<hr/>	<hr/>

See accompanying notes to financial statements.

**THE ADIRONDACK COUNCIL, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Net Assets without Donor Restrictions</u>			<u>Net Assets</u>	
	<u>Operating</u>	<u>Board Designated</u>	<u>Total</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>					
Contributions	\$ 2,550,545	\$ 162,957	\$ 2,713,502	\$ 23,925	\$ 2,737,427
Investment income	32,789	133,819	166,608	-	166,608
Net (loss) gain on investments	-	1,088,736	1,088,736	-	1,088,736
Rental income	21,300	-	21,300	-	21,300
Special events	8,878	-	8,878	-	8,878
Sales	19,070	-	19,070	-	19,070
Other income	59	-	59	-	59
Board designated net assets, authorized transfers	383,000	(383,000)	-	-	-
Net assets released from restriction	-	-	-	-	-
<b>Total Revenues</b>	<u>3,015,641</u>	<u>1,002,512</u>	<u>4,018,153</u>	<u>23,925</u>	<u>4,042,078</u>
<b>Expenses</b>					
Program Services	2,488,970	-	2,488,970	-	2,488,970
Management and general	438,800	-	438,800	-	438,800
Fundraising	92,307	-	92,307	-	92,307
<b>Total Expenses</b>	<u>3,020,077</u>	<u>-</u>	<u>3,020,077</u>	<u>-</u>	<u>3,020,077</u>
<b>Change in Net Assets</b>	<u>(4,436)</u>	<u>1,002,512</u>	<u>998,076</u>	<u>23,925</u>	<u>1,022,001</u>
<b>Net Assets - Beginning of Year</b>	<u>1,177,845</u>	<u>7,087,866</u>	<u>8,265,711</u>	<u>503,034</u>	<u>8,768,745</u>
<b>Net Assets - End of Year</b>	<u>\$ 1,173,409</u>	<u>\$ 8,090,378</u>	<u>\$ 9,263,787</u>	<u>\$ 526,959</u>	<u>\$ 9,790,746</u>

See accompanying notes to financial statements.

**THE ADIRONDACK COUNCIL, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Net Assets without Donor Restrictions			Net Assets With Donor Restrictions	
	Operating	Board Designated	Total	Restrictions	Total
<b>Support and Revenue</b>					
Contributions	\$ 2,174,322	\$ 202,545	\$ 2,376,867	\$ 126,996	\$ 2,503,863
Investment income	1,454	131,984	133,438	-	133,438
Net (loss) gain on investments	-	(1,650,907)	(1,650,907)	-	(1,650,907)
Rental income	20,620	-	20,620	-	20,620
Special events	500	-	500	-	500
Sales	18,906	-	18,906	-	18,906
Other income	19	-	19	-	19
Board designated net assets authorized transfers	- 624,000	- (624,000)	- -	- -	- -
Net assets released from restriction	138,797	-	138,797	(138,797)	-
	2,978,618	(1,940,378)	1,038,240	(11,801)	1,026,439
<b>Expenses</b>					
Program Services	2,476,084	-	2,476,084	-	2,476,084
Management and general	367,962	-	367,962	-	367,962
Fundraising	102,002	-	102,002	-	102,002
	2,946,048	-	2,946,048	-	2,946,048
<b>Change in Net Assets</b>	32,570	(1,940,378)	(1,907,808)	(11,801)	(1,919,609)
<b>Net Assets - Beginning of Year, previously reported</b>	1,145,275	9,279,879	10,425,154	263,200	10,688,354
<b>Reclassification</b>	-	(251,635)	(251,635)	251,635	-
<b>Net Assets - Beginning of Year, restated</b>	1,145,275	9,028,244	10,173,519	514,835	10,688,354
<b>Net Assets - End of Year</b>	\$ 1,177,845	\$ 7,087,866	\$ 8,265,711	\$ 503,034	\$ 8,768,745

See accompanying notes to financial statements.

**THE ADIRONDACK COUNCIL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,319,322	\$ 186,258	\$ 46,565	\$ 1,552,145
Benefit allocation	392,810	55,456	13,864	462,130
Professional fees	160,789	80,643	-	241,432
Public relations	133,327	13,221	3,305	149,853
Postage, freight/mailing house	123,823	17,481	4,370	145,674
Equipment rental/lease/maintenance	60,449	8,534	2,134	71,117
Printing and publications	96,414	13,611	3,403	113,428
Rent/lease office space	60,232	8,503	2,126	70,861
Bad debt expense	-	442	-	442
Gift incentives/marketing	15,834	2,794	-	18,628
Travel	71,804	10,137	2,534	84,475
Dues, fees, and licenses	6,565	22,420	2,537	31,522
Telecommunications	12,169	1,718	429	14,316
Bank charges	-	12,951	-	12,951
Supplies	4,969	702	175	5,846
Directors and officers liability insurance	-	2,491	-	2,491
Special events	21,170	-	10,533	31,703
	<u>2,479,677</u>	<u>437,362</u>	<u>91,975</u>	<u>3,009,014</u>
Total Expenses Before Depreciation				
Depreciation	<u>9,293</u>	<u>1,438</u>	<u>332</u>	<u>11,063</u>
<b>Total Expenses</b>	<u><u>\$ 2,488,970</u></u>	<u><u>\$ 438,800</u></u>	<u><u>\$ 92,307</u></u>	<u><u>\$ 3,020,077</u></u>

See accompanying notes to financial statements.



**THE ADIRONDACK COUNCIL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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

See accompanying notes to financial statements.

**THE ADIRONDACK COUNCIL, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 1,022,001	\$ (1,919,609)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	11,063	9,262
Realized (gain) loss on sale of investments	(39,513)	669
Unrealized investment (gain)loss	(1,049,223)	1,650,238
Bad debt	442	-
Changes in:		
Accounts receivable	-	40
Pledges receivable	27,608	40,966
Inventory	(7,563)	(545)
Prepaid expenses	(4,100)	(399)
Right-of-use asset - operating leases	(202,277)	-
Accounts payable	(9,797)	468
Accrued payroll and benefits	13,140	3,853
Deferred revenue	10,775	7,250
Lease liabilities - operating leases	199,281	-
	(28,163)	(207,807)
<b>Net Cash Used by Operating Activities</b>	(28,163)	(207,807)
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale and maturities of investments	126,903	180,226
Purchase of investments	(133,335)	(398,040)
	(6,432)	(217,814)
<b>Net Cash Used by Investing Activities</b>	(6,432)	(217,814)
<b>Cash Flows From Financing Activities</b>		
Purchases of property and equipment	(17,340)	(20,851)
	(17,340)	(20,851)
<b>Net Cash Used by Financing Activities</b>	(17,340)	(20,851)
<b>Change in Cash and Cash Equivalents</b>	(51,935)	(446,472)
<b>Cash and Cash Equivalents - Beginning of Year</b>	1,150,451	1,596,923
<b>Cash and Cash Equivalents - End of Year</b>	\$ 1,098,516	\$ 1,150,451

See accompanying notes to financial statements.

**THE ADIRONDACK COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**1. THE COUNCIL**

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.

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 0.0% and 2.1% at June 30, 2023 and 2022, respectively. Management has determined that an allowance for uncollectible pledges is not necessary at June 30, 2023 and 2022.

*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, 2023 AND 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 Council 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 2023 or 2022.

*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.

**THE ADIRONDACK COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*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 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 the future.

*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, 2023 and 2022, 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).

**THE ADIRONDACK COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*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.

*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.

Under FASB ASC 740, *Income Taxes*, the tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize tax-exempt status. The Council's management is not aware of any events that could jeopardize its tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements.

*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 \$76,022 and \$80,206 for the year ended June 30, 2023 and 2022, respectively.

*Adoption of New Accounting Standards*

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020, to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Council adopted ASC 842 with the date of initial application of July 1, 2022.

The Council recognized and measured leases existing at July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

**THE ADIRONDACK COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Adoption of New Accounting Standards*

Leases

As part of the adoption of ASC 842, the Council elected practical expedients to account for the existing operating leases as operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard; (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance; or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. The Council currently does not have any capital leases.

As a result of the adoption of the new lease accounting guidance, the Council recognized on July 1, 2022 an operating lease liability of \$239,545, which represents the present value of the remaining operating lease payments of \$258,232, discounted using varying implicit lease rates of 2.5% -5.75% and a right-of-use asset of \$242,349.

The standard had an impact on the accompanying 2023 statement of financial position but did not have a material impact on the 2023 statement of activities. The most significant impact was the recognition of a ROU asset and lease liability for operating leases.

For leases which the Council is the lessor the accounting is largely unchanged from that applied under previous generally accepted accounting principles (see Note 11).

Contributed Nonfinancial Assets

During the year ended June 30, 2023, the Council also implemented ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for years beginning after June 15, 2021, which modified the disclosures and presentation of contributed nonfinancial assets. There was no impact to the financial statements as a result of adoption of this ASU.

*Leases*

The Council leases office space and equipment and determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets, current portion of lease liabilities, and long-term lease liabilities on the accompanying 2023 statement of financial position. The Council has no finance leases.

ROU assets represent the Council's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. In determining the discount rate used to measure the right-of-use asset and lease liability, the Council use rates implicit in the lease, or if not readily available, the Council's incremental borrowing rate. The incremental borrowing rate is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by the Council's assets. Determining a credit spread as secured by the assets may require significant judgment.

**THE ADIRONDACK COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING**

*Leases*

The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Council will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Council's lease agreements do not contain any material residual value guarantees or restrictive covenants.

The Council has elected to account for the lease and non-lease components as a single lease component and to apply the short-term lease exemption to all classes of underlying assets. There were no short-term leases that qualified for exemption in 2022 - 2023.

In evaluating contracts to determine if they qualify as a lease, the Council considers factors such as if the Council has obtained substantially all of the rights to the underlying asset through exclusivity, if the Council can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

**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>2023</u>	<u>2022</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,095,369	\$ 1,046,889
Cash and cash equivalents - board designated	3,147	103,562
Accounts receivables	-	442
Pledges receivable, net	19,000	46,608
Investments	7,722,781	6,688,486
Total Financial Assets	<u>8,840,297</u>	<u>7,885,987</u>
Less: those unavailable for general expenditures within one year due to:		
Cash and cash equivalents - board designated	3,147	103,562
Long-term portion of pledges receivable, net	-	5,000
Total	<u>3,147</u>	<u>108,562</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 8,837,150</u></u>	<u><u>\$ 7,777,425</u></u>



**THE ADIRONDACK COUNCIL, INC.**  
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**3. LIQUIDITY**

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, 2023 and 2022, the Council's Board of Directors authorized the transfer of \$383,000 and \$624,000, respectively, from board designated to operating net assets.

**4. PLEDGES RECEIVABLE**

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

	<u>2023</u>	<u>2022</u>
Unconditional promises to give	\$ 19,000	\$ 46,825
Amounts due in:		
Less than one year	\$ 19,000	\$ 41,825
One to five years	-	5,000
	<u>19,000</u>	<u>46,825</u>
Less: Discount to present value	-	(217)
Net Unconditional Promises to Give	<u>\$ 19,000</u>	<u>\$ 46,608</u>

**5. INVESTMENTS**

Investments consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Equities - exchange traded funds	\$ 7,719,753	\$ 6,685,458
Investment in limited partnership	<u>3,028</u>	<u>3,028</u>
Total Investments	<u>\$ 7,722,781</u>	<u>\$ 6,688,486</u>

**THE ADIRONDACK COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**5. INVESTMENTS**

The following investments are valued at net asset values per share (unitized basis) as of June 30, 2023 and 2022:

	<u>Fair Value at 2023</u>	<u>Fair Value at 2022</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Investments in pooled interest and limited partnerships	<u>\$ 3,028</u>	<u>\$ 3,028</u>	Quarterly	35 days

Note: There were no unfunded commitments for the years ended June 30, 2023 and 2022.

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>2023</u>	<u>2022</u>
Land	\$ 100,000	\$ 100,000
Building and improvements	292,395	275,055
Leasehold improvements	59,796	59,796
Furniture and equipment	14,640	14,640
Total	<u>466,831</u>	<u>449,491</u>
Less: Accumulated depreciation	(209,662)	(198,599)
Total Property and Equipment	<u>\$ 257,169</u>	<u>\$ 250,892</u>

Depreciation expense for 2023 and 2022 was \$11,063 and \$9,262, respectively.

**THE ADIRONDACK COUNCIL, INC.**  
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**JUNE 30, 2023 AND 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, 2023 and 2022, the Board Designated Funds were \$8,090,378 and \$7,087,866, 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.

**THE ADIRONDACK COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**8. BENEFICIAL INTEREST IN ASSETS HELD BY RECIPIENT ORGANIZATION**

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.

Changes in the beneficial interest in net assets held by recipient organization for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>		<u>2022</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	\$ 270,280	\$ 459,034	\$ 336,834	\$ 445,835
Investment Return:				
Net appreciation (depreciation), (realized and unrealized)	30,232	53,954	(53,250)	(90,486)
Fees	(3,284)	(4,826)	(3,704)	(5,311)
Total Investment Return	<u>26,948</u>	<u>49,128</u>	<u>(56,954)</u>	<u>(95,797)</u>
Board Designations, Transfers and Contributions	<u>-</u>	<u>18,797</u>	<u>5,000</u>	<u>126,996</u>
Board Designated Distributions	<u>(15,000)</u>	<u>-</u>	<u>(14,600)</u>	<u>-</u>
Appropriated Endowment Assets for Expenditure	<u>-</u>	<u>(19,000)</u>	<u>-</u>	<u>(18,000)</u>
Assets - End of Year	<u>\$ 282,228</u>	<u>\$ 507,959</u>	<u>\$ 270,280</u>	<u>\$ 459,034</u>

**9. NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2023</u>	<u>2022</u>
Restricted for specific purpose:		
Forever Wild Fund pledges receivable	\$ 4,000	\$ 4,000
Adirondack Vision pledges receivable	15,000	40,000
Clarence Petty intern fund (see Note 8)	<u>291,819</u>	<u>247,894</u>
	<u>310,819</u>	<u>291,894</u>
Donor Restricted Endowments:		
Clarence Petty intern fund (see Note 8)	<u>216,140</u>	<u>211,140</u>
Total Net Assets With Donor Restrictions	<u>\$ 526,959</u>	<u>\$ 503,034</u>

**THE ADIRONDACK COUNCIL, INC.**  
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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, 2023 and 2022, the Council contributed \$69,327 and \$56,895, respectively, to the plan.

**11. COMMITMENTS AND CONTINGENCIES**

*Leases*

As disclosed in Note 2, the Council adopted ASU 2016-02, *Leases (Topic 842)*, effective July 1, 2022. The Council has three separate office space leases and three equipment leases, which are all classified as operating leases. The office space leases have varying end dates through 2030 while the equipment leases have varying end dates through 2025. None of the Council's operating leases contain any renewal options.

A summary of operating lease right-of-use assets and liabilities at June 30, 2023 is as follows:

	<b>2023</b>
<u>Assets</u>	
Right-of-use asset - operating leases	\$ 202,277
 <u>Liabilities</u>	
Lease liabilities - operating leases	\$ 199,281

Operating expense for the year ended June 30, 2023, was \$40,264.

Minimum payments due for operating lease liabilities as of June 30 are as follows:

2024	\$ 46,296
2025	33,922
2026	29,400
2027	29,150
2028	26,400
2029	52,800
Total lease payments	217,968
 Less: Imputed interest	 18,687
Total lease obligation	\$ 199,281

**THE ADIRONDACK COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**11. COMMITMENTS AND CONTINGENCIES**

*Leases*

Cash paid for amounts included in the measurement of lease liabilities	\$	-
Right-of-use assets obtained in exchange for new lease liabilities (non-cash)	\$	-
Weighted-average remaining lease term:		6.29 years
Weighted-average discount rate:		2.86%

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 \$21,300 and \$20,620, respectively, for the years ended June 30, 2023 and 2022.

*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.

**12. 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, 2023 and 2022. As of June 30, 2023, the Council had 800 credits remaining to either retire and/or donate.

For the years ended June 30, 2023 and 2022, \$710 and \$1,640 in contributions were received in exchange for the retirement of 27 and 134 of these credits, respectively. In addition, 200 credits and 0 credits were donated to local radio stations for the years ended June 30, 2023 and 2022, respectively. The Council had retired/donated a total of 16,200 and 15,973 credits as of June 30, 2023 and 2022, 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.

**13. FUTURE ACCOUNTING STANDARDS**

In June 2016, the Financial Accounting Standards Board issued ASU 2016-13, “*Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*” (ASU 2016-13), which requires entities to use a new impairment model referred to as the current expected credit losses (CECL) model rather than incurred losses. The new standard affects accounting for loans, accounts (trade) receivable, held-to-maturity debt securities, and other financial assets included in the scope. For non-public entities, the new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Council is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Council’s financial position and/or results of operations.

**THE ADIRONDACK COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**14. FAIR VALUE MEASUREMENTS**

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

	<b>Level 1 Inputs</b>	<b>Level 2 Inputs</b>	<b>Total</b>
<b>June 30, 2023:</b>			
Equities - exchange traded funds	\$ 7,719,753	\$ -	\$ 7,719,753
Beneficial interest in assets held by the Adirondack Foundation	-	790,187	790,187
Total	7,719,753	790,187	8,509,940
Investments Measured at Net Asset Value (a)	-	-	3,028
Total	\$ 7,719,753	\$ 790,187	\$ 8,512,968
<b>June 30, 2022:</b>			
Equities - exchange traded funds	\$ 6,685,458	\$ -	\$ 6,685,458
Beneficial interest in assets held by the Adirondack Foundation	-	729,314	729,314
Total	6,685,458	729,314	7,414,772
Investments Measured at Net Asset Value (a)	-	-	3,028
Total	\$ 6,685,458	\$ 729,314	\$ 7,417,800

(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.

**15. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 14, 2023 which is the date the financial statements were available to be issued, and has determined that there are no subsequent events that require recording or disclosure.