

LUBBE & HOSEY, PC

CERTIFIED PUBLIC ACCOUNTANTS

Suite 305
187 Wolf Road
Albany, New York 12205
(518) 454-9355
FAX (518) 454-9332

Steven J. Lubbe, CPA
Thomas W. Hosey, CPA

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Edmund Niles Huyck Preserve, Inc.:

We have audited the accompanying statement of financial position of **The Edmund Niles Huyck Preserve, Inc.** (the "Preserve") as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Preserve's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The Edmund Niles Huyck Preserve, Inc.** as of December 31, 2011, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lubbe & Hosey, PC

Albany, New York
March 23, 2012

THE EDMUND NILES HUYCK PRESERVE, INC.

Statement of Financial Position

December 31, 2011

ASSETS

Current assets:

Cash and cash equivalents	\$ 447,818
Investments	757,269
Grant and accounts receivable	11,977
Prepaid expenses	<u>3,065</u>
Total current assets	<u>1,220,129</u>

Land, buildings and equipment:

Land	460,741
Buildings and improvements	633,983
Equipment	<u>54,546</u>
	1,149,270
Less accumulated depreciation	<u>(387,228)</u>
Net land, buildings and equipment	<u>762,042</u>

Other investment:

Non-marketable real estate investment trust	<u>22,537</u>
---	---------------

\$2,004,708

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	1,545
Accrued expenses	11,249
Research grants payable	5,425
Deferred revenue	<u>9,933</u>
Total current liabilities	<u>28,152</u>

Contingent liability

Net assets:

Unrestricted	1,790,572
Temporarily restricted	<u>185,984</u>
Total net assets	<u>1,976,556</u>

\$2,004,708

See accompanying notes to financial statements.

THE EDMUND NILES HUYCK PRESERVE, INC.

Statement of Activities

Year ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support:			
Grants	\$ 160,029	35,000	195,029
Program income	34,069	-	34,069
Contributions and memberships	60,808	33,333	94,141
Special events, net of expenses of \$7,478	19,952	-	19,952
Facilities rental	12,275	-	12,275
Investment income	10,692	56	10,748
Net assets released from restrictions	<u>38,805</u>	<u>(38,805)</u>	<u>-</u>
Total revenues, gains and other support	<u>336,630</u>	<u>29,584</u>	<u>366,214</u>
Expenses:			
Salaries and wages	157,226	-	157,226
Payroll taxes and benefits	21,120	-	21,120
Auto expenses and travel	3,115	-	3,115
Utilities	10,666	-	10,666
Repairs and maintenance	34,188	-	34,188
Professional fees	6,435	-	6,435
Insurance	13,108	-	13,108
Office expenses	28,284	-	28,284
Telephone	3,730	-	3,730
Research expenses and grants	22,837	-	22,837
Activities and education	29,535	-	29,535
Lake expenses	4,319	-	4,319
Miscellaneous	10,207	-	10,207
Depreciation	<u>26,030</u>	<u>-</u>	<u>26,030</u>
Total expenses	<u>370,800</u>	<u>-</u>	<u>370,800</u>
Change in net assets	(34,170)	29,584	(4,586)
Net assets, beginning of year	<u>1,824,742</u>	<u>156,400</u>	<u>1,981,142</u>
Net assets, end of year	<u>\$1,790,572</u>	<u>185,984</u>	<u>1,976,556</u>

See accompanying notes to financial statements.

THE EDMUND NILES HUYCK PRESERVE, INC.

Statement of Cash Flows

Year ended December 31, 2011

Cash flows provided by (used for) operating activities:	
Change in net assets	\$ (4,586)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	26,030
Net loss on investments	8,259
Changes in operating assets and liabilities:	
Grant and accounts receivable	16,214
Prepaid expenses	197
Accounts payable	638
Accrued expenses	2,271
Research grants payable	2,131
Deferred revenue	<u>(850)</u>
Net cash provided by operating activities	<u>50,304</u>
Cash flows provided from (used for) investing activities:	
Sales of investment securities	51,650
Purchases of investment securities	<u>(65,857)</u>
Cash flows (used for) investing activities	<u>(14,207)</u>
Increase in cash and cash equivalents	36,097
Cash and cash equivalents, beginning of year	<u>411,721</u>
Cash and cash equivalents, end of year	<u>\$447,818</u>

See accompanying notes to financial statements.

THE EDMUND NILES HUYCK PRESERVE, INC.

Notes to Financial Statements

December 31, 2011

(1) Organization and Summary of Significant Accounting Policies

The Edmund Niles Huyck Preserve, Inc. (the "Preserve") was incorporated in 1931 and is located in Rensselaerville, New York. The Preserve's primary purpose is to preserve the natural beauty of the lands surrounding it and to increase the general knowledge and love of nature. The Preserve is supported primarily through grants and contributions, the most significant one being from The Edmund Niles Huyck Foundation.

The Preserve is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Preserve was classified as a private foundation pursuant to Section 509(a) of the IRC. Effective January 1, 2010, the Preserve terminated its private foundation status and is currently classified as a publically supported organization. Management believes there are no sources of unrelated business taxable income. The Preserve is generally no longer subject to examination by the Internal Revenue Service for years before 2008.

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The Preserve is required to report information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While management uses its best estimates and judgments, actual results could differ from those estimates as future confirming events occur.

(a) Investments

The Preserve records investments in publicly traded equity and debt securities at fair value. Fair value is determined based upon quoted market prices. Investment gains and losses are recognized in the statement of activities. Investment income, including gains or losses, is recognized as an increase or decrease in unrestricted net assets unless its use is restricted by explicit external stipulations or by law.

The Preserve records its other investment as a cost basis investment. The investment is recorded at its original cost and reinvested dividends. Dividends received are recorded in the statement of activities.

(b) Cash Equivalents

The Preserve considers all highly liquid investments, principally brokerage money market funds, to be cash equivalents.

THE EDMUND NILES HUYCK PRESERVE, INC.

Notes to Financial Statements

(1) Organization and Summary of Significant Accounting Policies(c) Land, Buildings, Equipment and Depreciation

Land, buildings and equipment are recorded at cost or, if donated, at the fair value at date of donation. It is the Preserve's policy to capitalize fixed asset expenditures with a unit value greater than or equal to \$500 and a useful life greater than one year. Depreciation is computed on the straight line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to operations as incurred. When units of property are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to operations.

(d) Functional Expenses

Expenses are charged to program services or supporting services based on direct expenditures incurred. Any expenses not directly chargeable are allocated to program services or supporting services based upon appropriate percentages determined by management. Program service expenses totaled \$329,400 for the year ended December 31, 2011.

(e) Contributions

Contributions are recognized as revenues in the period received or promised, whichever is earlier. All contributions are considered to be available for the general programs of the Preserve unless specifically restricted by the donor. The Preserve reports contributions in the temporarily restricted net asset class if they are received with donor stipulations as to their use. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(f) Grants Payable

Grants authorized but unpaid at year end are reported as a liability in accordance with FASB "Accounting Standards Codification 720" (formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*). Grants payable are measured and reported at fair value which equals net realizable value. The Preserve expects to make payments in 2012.

(2) The Edmund Niles Huyck Foundation

The Preserve receives an annual grant from The Edmund Niles Huyck Foundation (the "Foundation") consisting of amounts for current operations and research. The grant received for 2011 was \$124,000.

The annual grant from The Foundation, although received since 1960 by the Preserve, is made at the discretion of The Foundation's Trustees who are under no obligation to make such distributions to the Preserve. It is anticipated that these grants will continue to be made to the Preserve in the future in accordance with the stipulations in the will of Mrs. EN Huyck which specifies that the Trustees may distribute monies from the income and principal of The Foundation to organizations or individuals to promote purposes which are common to the Preserve and Foundation.

THE EDMUND NILES HUYCK PRESERVE, INC.

Notes to Financial Statements

(3) Property and Equipment

Property and equipment are recorded at the following values:

Land:	
Purchased, at cost	\$284,332
Donated (estimated average market values at dates of donations)	162,245
Land improvements, at cost	<u>14,164</u>
	<u>\$460,741</u>
Buildings and improvements:	
Acquired prior to 1973, at appraised value	55,670
Additions after 1973, at cost	<u>578,313</u>
	<u>\$633,983</u>
Equipment, at cost	<u>\$ 54,546</u>

(4) Investments

Following is a summary of investments at December 31, 2011:

<u>Type</u>	
Current:	
Mutual funds	\$667,652
Publicly traded real estate investment trust	<u>89,617</u>
	<u>\$757,269</u>
Non-current:	
Non publicly traded real estate investment trust	<u>\$ 22,537</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2011:

Investment income:	
Interest and dividends	\$19,007
Net (loss) on investments	<u>(8,259)</u>
	<u>\$10,748</u>

(5) Fair Value Measurement - Definition and Hierarchy

FASB "Accounting Standards Codification 820" establishes a framework for measuring fair value. That framework provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy and a description of the valuation techniques used for instruments measured at fair value are as follows:

Level 1 Inputs - quoted prices in active markets for identical assets or liabilities as of the reporting date.

Level 2 Inputs - pricing inputs other than quoted prices included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date.

THE EDMUND NILES HUYCK PRESERVE, INC.

Notes to Financial Statements

(5) Fair Value Measurement - Definition and Hierarchy

Level 3 Inputs - pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed techniques that result in management's best estimate of fair value.

The following table sets forth the Preserve's financial assets that were accounted for at fair value. Financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

	<u>Level 1</u>	<u>Total</u>
Brokerage money market accounts	\$289,435	289,435
Mutual funds	667,652	667,652
Publicly traded real estate investment trust	<u>89,617</u>	<u>89,617</u>
	<u>\$1,046,704</u>	<u>1,046,704</u>

Cash, grant and accounts receivable, accounts payable and accrued expenses - carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

(6) Concentration of Credit Risk

Financial instruments that potentially subject the Preserve to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions in the Northeast which, from time to time, exceed federally insured limits. Additionally, the Preserve has funds invested in uninsured money market funds, the balance of which approximated \$298,400 at December 31, 2011.

(7) Deferred Revenue

Deferred revenue at December 31, 2011 consisted of the following:

2012 Huyck Foundation grant advance	\$9,000
Rental income	<u>933</u>
	<u>\$9,933</u>

(8) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts restricted by donors to be utilized for special projects at the Preserve.

(9) Contingent LiabilityGrant Programs

The Preserve participates in various grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Accordingly, the Preserve's compliance with applicable grant and contract requirements may be established at some future date. The amount, if any, of expenditures or funding which may be disallowed by the granting agencies cannot be determined at this time although management expects such amounts, if any, to be immaterial.

(10) Subsequent Events

Management has evaluated subsequent events through March 23, 2012, the date on which the financial statements were available to be issued.