

**THE EDMUND NILES HUYCK PRESERVE, INC.**

Financial Statements

December 31, 2016

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**PRELIMINARY & TENTATIVE**  
**for DISCUSSION PURPOSES ONLY**

# LUBBE & HOSEY, PC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Edmund Niles Huyck Preserve, Inc., (the Preserve) which comprise the statements of financial position as of December 31, 2016, 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 of 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 judgement, 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 financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Edmund Niles Huyck Preserve, Inc. as of December 31, 2016, and the change 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.

Albany, New York  
February 1, 2017

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*Lubbe & Hosey, PC*

THE EDMUND NILES HUYCK PRESERVE, INC.

Statement of Financial Position

December 31, 2016

ASSETS

Current assets:

Cash and cash equivalents	\$ 424,181
Investments	1,147,852
Grants and accounts receivable	36,960
Prepaid expenses	3,655
Total current assets	<u>1,612,648</u>

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Land, buildings and equipment:

Land and improvements	638,694
Buildings and improvements	751,213
Equipment	<u>70,389</u>

1,460,296

Less accumulated depreciation

(501,370)

Net land, buildings and equipment

958,926

\$2,571,574

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	1,811
Accrued expenses	6,900
Research grants payable	1,300
Deferred revenue	<u>16,381</u>
Total current liabilities	<u>26,392</u>

Contingent liability

Net assets:

Unrestricted	2,434,120
Temporarily restricted	<u>111,062</u>
Total net assets	<u>2,545,182</u>
	<u>\$2,571,574</u>

See accompanying notes to financial statements.

THE EDMUND NILES HUYCK PRESERVE, INC.

Statement of Activities

Year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support:			
Grants	\$ 175,023	39,995	215,018
Program income	88,961	-	88,961
Contributions and memberships	54,590	9,000	63,590
Special events, net of expenses of \$12,347	11,934	-	11,934
Facilities rental	9,900	-	9,900
Investment income	117,754	249	118,003
Net assets released from restrictions	<u>80,511</u>	<u>(80,511)</u>	<u>-</u>
Total revenues, gains and other support	<u>538,673</u>	<u>(31,267)</u>	<u>507,406</u>
Expenses:			
Salaries and wages	202,676	-	202,676
Payroll taxes and benefits	17,480	-	17,480
Auto expenses and travel	1,719	-	1,719
Utilities	11,236	-	11,236
Repairs and maintenance	17,664	-	17,664
Professional fees	20,927	-	20,927
Insurance	25,683	-	25,683
Office and program expenses	13,649	-	13,649
Property taxes	12,206	-	12,206
Telephone	4,614	-	4,614
Research expenses and grants	34,085	-	34,085
Activities and education	39,774	-	39,774
Lake expenses	2,741	-	2,741
Miscellaneous	2,996	-	2,996
Depreciation	<u>33,148</u>	<u>-</u>	<u>33,148</u>
Total expenses	<u>440,598</u>	<u>-</u>	<u>440,598</u>
Change in net assets	98,075	(31,267)	66,808
Net assets, beginning of year	<u>2,336,045</u>	<u>142,329</u>	<u>2,478,374</u>
Net assets, end of year	<u>\$2,434,120</u>	<u>111,062</u>	<u>2,545,182</u>

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Statement of Cash Flows

Year ended December 31, 2016

Cash flows provided by (used for) operating activities:	
Change in net assets	\$ 66,808
Adjustments to reconcile change in net assets to net cash (used for) operating activities:	
Depreciation	33,148
Net gain on investments	(90,944)
Changes in operating assets and liabilities:	
Grants and accounts receivable	18,017
Prepaid expenses	10,304
Accounts payable	(361)
Accrued expenses	(392)
Research grants payable	(2,239)
Deferred revenue	<u>(19,995)</u>
Net cash provided from operating activities	<u>14,346</u>
Cash flows provided from (used for) investing activities:	
Proceeds from sales of investments	127,282
Acquisition of building improvements	(17,000)
Purchases of investment securities	<u>(53,617)</u>
Cash flows provided from investing activities	<u>56,665</u>
Increase in cash and cash equivalents	71,011
Cash and cash equivalents, beginning of year	<u>353,170</u>
Cash and cash equivalents, end of year	<u>\$424,181</u>
Supplemental information:	
Donated stocks immediately sold	\$ <u>5,088</u>

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THE EDMUND NILES HUYCK PRESERVE, INC.

Notes to Financial Statements

December 31, 2016

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(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 being from The Edmund Niles Huyck Foundation.

The Preserve is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation, and qualifies for the charitable contribution deduction of individual donors. Management believes there are no sources of unrelated business taxable income and no uncertain tax positions. The Preserve is required to file Federal Form 990 "Return of Organization Exempt from Income Tax".

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.

(b) Cash Equivalents

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

(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. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that are to be used to acquire long-lived assets are reported as restricted support.

## THE EDMUND NILES HUYCK PRESERVE, INC.

## Notes to Financial Statements

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

Absent explicit donor stipulations about how long-lived assets are to be maintained, the Preserve reports expirations of donor restrictions when the contributed or acquired long-lived assets are placed in service. 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. Expenses were incurred in the following functional areas during the year ended December 31, 2016:

Program services - research, education and preservation	\$399,857
Supporting services - management and general	<u>40,741</u>
	<u>\$440,598</u>

(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". Grants payable are measured and reported at fair value which equals net realizable value. The Preserve expects to make payments in 2017.

(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 to be received for 2017 is \$130,000.

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. E N 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 the Foundation.

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(3) Property and Equipment

Property and equipment are recorded at the following values:

Land and improvements:	
Purchased, at cost	\$284,332
Donated (estimated average market values at dates of donations)	217,819
Land improvements, at cost	<u>136,543</u>
	<u>\$638,694</u>
Buildings and improvements:	
Acquired prior to 1973, at appraised value	55,670
Additions after 1973, at cost	<u>695,543</u>
	<u>\$751,213</u>
Equipment, at cost	<u>\$ 70,389</u>

(4) Investments

Following is a summary of investments at December 31, 2016:

	<u>Type</u>	
Current:		
Mutual funds		\$1,107,348
Common stock		<u>40,504</u>
		<u>\$1,147,852</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2016:

Investment income:	
Interest and dividends	\$ 27,059
Net gain on investments	<u>90,944</u>
	<u>\$118,003</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.

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.

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## Notes to Financial Statements

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for DISCUSSION PURPOSES ONLY(5) Fair Value Measurement - Definition and Hierarchy

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	\$ 231,554	231,554
Mutual funds	1,107,348	1,107,348
Common stock	<u>40,504</u>	<u>40,504</u>
	<u>\$1,379,406</u>	<u>1,379,406</u>

Cash, grants receivable and current liabilities - 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 accounts in financial institutions which, from time to time, exceed federally insured limits. Additionally, the Preserve has funds invested in uninsured money market funds, the balance of which totaled \$231,554 at December 31, 2016.

(7) Temporarily Restricted Net Assets

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

(8) 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.

(9) Subsequent Events

Management has evaluated subsequent events through February 1, 2017, the date on which the financial statements were available to be issued.