

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

**Financial Statements**

**December 31, 2018**

# STEVEN J. LUBBE, CPA, PLLC

CERTIFIED PUBLIC ACCOUNTANT

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## INDEPENDENT AUDITOR'S REPORT

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

I 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, 2018, and the related statements of activities, functional expenses 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

The auditor's responsibility is to express an opinion on these financial statements based on the audit. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. Those standards require that the audit be planned and performed 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, I 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.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my 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, 2018, 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.

Change in Accounting Principle

As discussed in note 2 to the financial statements, The Preserve made certain reclassifications between classes of net assets. My opinion is not modified with respect to that matter.

*Steven J. Lubke, CPA, PLLC*

Albany, New York  
February 26, 2019

THE EDMUND NILES HUYCK PRESERVE, INC.

Statement of Financial Position

December 31, 2018

<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 576,940
Investments	1,153,795
Grants and accounts receivable	35,182
Prepaid expenses	<u>3,819</u>
Total current assets	<u>1,769,736</u>
Land, buildings and equipment:	
Land and improvements	638,694
Buildings and improvements	735,311
Equipment	<u>74,177</u>
	1,448,182
Less accumulated depreciation	<u>(509,369)</u>
Net land, buildings and equipment	<u>938,813</u>
	<u>\$2,708,549</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Accounts payable	1,704
Accrued expenses	13,731
Research grants payable	2,317
Deferred revenue	<u>5,942</u>
Total current liabilities	<u>23,694</u>
Contingent liability	
Net assets:	
Without donor restrictions	2,658,272
With donor restrictions	<u>26,583</u>
Total net assets	<u>2,684,855</u>
	<u>\$2,708,549</u>

See accompanying notes to the financial statements.

THE EDMUND NILES HUYCK PRESERVE, INC.

Statement of Activities

Year ended December 31, 2018

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenues, gains and other support:			
Grants	\$ 202,628	-	202,628
Program income	34,317	-	34,317
Contributions and memberships	83,591	3,822	87,413
Special events	18,969	-	18,969
Facilities rental	8,363	-	8,363
Investment income	(78,207)	-	(78,207)
Net assets released from restrictions	<u>498</u>	<u>(498)</u>	<u>-</u>
Total revenues, gains and other support	<u>270,159</u>	<u>3,324</u>	<u>273,483</u>
Expenses:			
Program services-research & preservation	325,812	-	325,812
Support services-management and general	25,174	-	25,174
Fundraising	<u>8,454</u>	<u>-</u>	<u>8,454</u>
Total expenses	<u>359,440</u>	<u>-</u>	<u>359,440</u>
Change in net assets	<u>(89,281)</u>	<u>3,324</u>	<u>(85,957)</u>
Net assets, beginning of year	2,673,330	97,482	2,770,812
Reclassification of net assets	<u>74,223</u>	<u>(74,223)</u>	<u>-</u>
Net assets, beginning or year, as reclassified	<u>2,747,553</u>	<u>23,259</u>	<u>2,770,812</u>
Net assets, end of year	<u>\$2,658,272</u>	<u>26,583</u>	<u>2,684,855</u>

See accompanying notes to the financial statements.

THE EDMUND NILES HUYCK PRESERVE, INC.

Statement of Functional Expenses

Year ended December 31, 2018

	<u>Program Services Research &amp; Preservation</u>	<u>Support Services Management &amp; General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and wages	\$154,131	15,244	-	169,375
Payroll taxes and benefits	14,267	1,411	-	15,678
Auto expenses	2,539	-	-	2,539
Utilities	13,834	-	-	13,834
Repairs and maintenance	7,522	-	-	7,522
Professional fees	-	8,519	-	8,519
Insurance	24,191	-	-	24,191
Office and program expenses	14,036	-	-	14,036
Telephone and internet	6,484	-	-	6,484
Research expenses and grants	40,875	-	-	40,875
Activities and education	9,495	-	-	9,495
Lake expenses	3,095	-	-	3,095
Miscellaneous	4,405	-	-	4,405
Fundraising	-	-	8,454	8,454
Depreciation	<u>30,938</u>	<u>-</u>	<u>-</u>	<u>30,938</u>
Total expenses	<u>\$325,812</u>	<u>25,174</u>	<u>8,454</u>	<u>359,440</u>

See accompanying notes to the financial statements.

THE EDMUND NILES HUYCK PRESERVE, INC.

Statement of Cash Flows

Year ended December 31, 2018

Cash flows provided by (used for) operating activities:	
Change in net assets	\$ (85,957)
Adjustments to reconcile change in net assets to net cash (used for) operating activities:	
Depreciation	30,938
Net loss on investments	111,808
Changes in operating assets and liabilities:	
Grants and accounts receivable	(11,745)
Prepaid expenses	(169)
Deposit	12,500
Accounts payable	(1,659)
Accrued expenses	1,326
Research grants payable	711
Deferred revenue	<u>(2,843)</u>
Net cash provided from operating activities	<u>54,910</u>
Cash flows provided from (used for) investing activities:	
Proceeds from sales of investments	103,321
Acquisition of building and improvements	(42,050)
Purchases of investment securities	<u>(29,443)</u>
Cash flows provided from investing activities	<u>31,828</u>
Increase in cash and cash equivalents	86,738
Cash and cash equivalents, beginning of year	<u>490,202</u>
Cash and cash equivalents, end of year	<u>\$576,940</u>
Supplemental information:	
Donated stocks immediately sold	<u>\$ 2,322</u>

See accompanying notes to the financial statements.

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

**Notes to Financial Statements**

December 31, 2018

(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 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) Revenue Recognition  
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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restrictions imposed that are met in the same year they are received are included in net assets without donor restrictions.

Grants

The Preserve derives revenue from grants where the grant revenue is recognized when eligible expenses are incurred (i.e. on a "cost reimbursement" basis). Amounts received in excess of eligible expenses incurred or in advance of being earned are recorded as deferred revenue.

(b) 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 net assets without donor restrictions unless its use is restricted by explicit external stipulations or by law.



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

## Notes to Financial Statements

(1) Organization and Summary of Significant Accounting Policies(c) Cash Equivalents

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

(d) 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 \$1,000 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 contributions with donor restrictions. 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.

(e) Functional Expenses

Expenses are charged to program services, supporting services or fundraising based on direct expenditures incurred. Any expenses not directly chargeable are allocated based upon appropriate percentages determined by management.

(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 2019.

(g) Financial Assets - Liquidity and Availability

The Preserve has \$1,765,917 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$576,940, grants and accounts receivable of \$35,182 and investments of \$1,153,795. There are donor restrictions of \$26,583 on these financial assets that make them unavailable for general expenditures within one year of the statement of financial position date. Accounts receivable are expected to be collected within one year of the statement of financial position date. As part of its liquidity management, the Preserve has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due.

(2) Change in Accounting Principle - Reclassification of Net Assets

The Preserve made certain reclassifications between classes of net assets to conform to the reporting requirements of ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. There was no change to the total net assets as a result of the these reclassifications.

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

Notes to Financial Statements

(3) 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 amount of the grant for 2018 was \$140,000. The grant to be received for 2019 is \$140,000.

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.

(4) Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following:

Land preservation	\$13,201
75 <sup>th</sup> Anniversary book	9,560
Weather station	<u>3,822</u>
	<u>\$26,583</u>

(5) 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>679,641</u>
	<u>\$735,311</u>
Equipment, at cost	<u>\$ 74,177</u>

(6) Investments

Following is a summary of investments at December 31, 2018:

<u>Type</u>	
Current:	
Mutual funds	\$1,104,619
Common stock	<u>49,176</u>
	<u>\$1,153,795</u>

The following schedule summarizes the investment return as recorded in the statement of activities:

Investment income:

Interest and dividends	\$ 33,601
Net (loss) on investments	<u>(111,808)</u>
	<u>\$ (78,207)</u>

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

Notes to Financial Statements

(7) Retirement Plan

The Preserve has established a salary deferral plan whereby employees can elect to defer a portion of their gross pay for income tax purposes. Contributions made by the employee, which are held by a third party administrator in the employee's name, are fully vested. The Preserve's contribution was \$1,965.

(8) 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 the federally insured limit of \$250,000. Additionally, the Preserve has funds invested in uninsured money market funds, the balance of which totaled \$337,025 at December 31, 2018.

(9) 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.

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	\$ 337,025	337,025
Mutual funds	1,104,619	1,104,619
Common stock	<u>49,176</u>	<u>49,176</u>
	<u>\$1,490,820</u>	<u>1,490,820</u>

Cash, grants and accounts receivable and current liabilities - carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

(10) Contingent Liability

Grant 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.

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

Notes to Financial Statements

(11) Subsequent Events

Management has evaluated subsequent events through February 26, 2019, the date on which the financial statements were available to be issued.