

MOHONK PRESERVE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2015
(with summarized comparative information
for December 31, 2014)

MOHONK PRESERVE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2015

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The Accounting Offices of

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To the Board of Directors
Mohonk Preserve, Inc.
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New Paltz, New York 12561

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Mohonk Preserve, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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

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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mohonk Preserve, Inc. as of December 31, 2015, and the changes in its net assets, its functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Mohonk Preserve, Inc. Organization's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The Accounting Offices of Tom Fucito CPA, P.C.

THE ACCOUNTING OFFICES OF TOM FUCITO CPA, P.C.
Cairo, New York
March 18, 2016

MOHONK PRESERVE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014
(with summarized comparative information for December 31, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
CURRENT ASSETS					
Cash	\$ 324,744	\$ 407,054	\$ 29,050	\$ 760,848	\$ 1,047,194
Accounts Receivable	26,920	-	-	26,920	10,629
Unconditional Promises to Give, net	3,800	266,352	6,000	276,152	476,601
Accrued Interest Receivable	18,893	-	-	18,893	17,534
Grants Receivable	181,397	524,000	-	705,397	835,580
Loan Receivable	50,000	-	-	50,000	-
Investments-Gift Annuity	-	308,628	-	308,628	333,078
Investments	4,965,687	1,349,361	2,678,547	8,993,595	9,586,251
Prepaid Expenses	100,155	-	-	100,155	76,972
Deposit on Land	10,000	-	-	10,000	-
TOTAL CURRENT ASSETS	5,681,596	2,855,395	2,713,597	11,250,588	12,383,839
FIXED ASSETS, NET	6,866,566	-	-	6,866,566	6,666,300
LAND	6,270,209	-	-	6,270,209	6,237,495
TOTAL ASSETS	\$ 18,818,371	\$ 2,855,395	\$ 2,713,597	\$ 24,387,363	\$ 25,287,634
CURRENT LIABILITIES					
Accounts Payable	\$ 123,989	\$ -	\$ -	\$ 123,989	\$ 61,942
Sales Tax Payable	353	-	-	353	230
Gift Annuity Payable	-	127,912	-	127,912	137,725
Accrued Salaries and Payroll Taxes	174,733	-	-	174,733	215,482
Employee Benefit Payable	615	-	-	615	88
Security Deposit Payable	1,685	-	-	1,685	3,185
Unearned Revenue	105	-	-	105	5,250
Notes Payable	1,127,335	-	-	1,127,335	1,627,335
TOTAL CURRENT LIABILITIES	1,428,815	127,912	-	1,556,727	2,051,237
NON CURRENT LIABILITIES					
Notes Payable	1,797,500	-	-	1,797,500	1,797,500
NET ASSETS	15,592,056	2,727,483	2,713,597	21,033,136	21,438,897
TOTAL LIABILITIES AND NET ASSETS	\$ 18,818,371	\$ 2,855,395	\$ 2,713,597	\$ 24,387,363	\$ 25,287,634

See auditor's report and accompanying notes to financial statements.

MOHONK PRESERVE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(with summarized comparative information for December 31, 2014)

PUBLIC SUPPORT AND REVENUE	Unrestricted	Temporarily	Permanently	Totals	
		Restricted	Restricted	2015	2014
<u>PUBLIC SUPPORT</u>					
Memberships	\$ 780,417	\$ -	\$ -	\$ 780,417	\$ 717,533
Life Memberships	64,100	-	-	64,100	97,480
Contributions	464,771	379,085	40,162	884,018	766,947
Grants	160,333	126,000	-	286,333	612,308
Special Event Income	544,639	-	-	544,639	524,921
Bequests	43,053	-	65,518	108,571	978,296
TOTAL PUBLIC SUPPORT	2,057,313	505,085	105,680	2,668,078	3,697,485
<u>REVENUE</u>					
Day Use Fees	527,672	-	-	527,672	423,432
Interest and Dividends	161,386	36,478	-	197,864	200,301
Gift Shop Sales	48,700	-	-	48,700	37,761
Gain on Sale of Investments	266,922	61,481	-	328,403	350,000
Program Fees	167,570	-	-	167,570	130,397
Rental Income	47,220	-	-	47,220	60,290
Unrealized Loss on Investments	(357,781)	(82,849)	-	(440,630)	435,189
Change in Value of Split Interest Agreements	-	(10,933)	-	(10,933)	(12,702)
Gain(Loss) on Sale of Fixed Assets	550	-	-	550	-
Other Income	7,556	-	-	7,556	14,034
TOTAL REVENUE	869,795	4,177	-	873,972	1,638,702
Net Assets Released from Restriction	1,052,398	(1,052,398)	-	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	3,979,506	(543,136)	105,680	3,542,050	5,336,187
<u>EXPENSES</u>					
Program Services	2,727,736	-	-	2,727,736	2,695,452
Supporting Services	1,220,075	-	-	1,220,075	1,213,762
Total Expenses	3,947,811	-	-	3,947,811	3,909,214
Changes in Net Assets	31,695	(543,136)	105,680	(405,761)	1,426,973
NET ASSETS - BEGINNING OF YEAR	15,560,361	3,270,619	2,607,917	21,438,897	20,011,924
NET ASSETS - END OF YEAR	\$15,592,056	\$ 2,727,483	\$ 2,713,597	\$ 21,033,136	\$ 21,438,897

See auditor's report and accompanying notes to financial statements.

MOHONK PRESERVE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(with summarized comparative information for December 31, 2014)

CASH FLOWS FROM OPERATING ACTIVITIES	2015	2014
Change in Net Assets	\$ (405,761)	\$ 1,426,973
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	365,215	356,088
(Gain) Loss on Sale of Investments	(328,403)	(350,000)
Unrealized (Gain) Loss on Investments	440,630	(435,189)
(Gain) Loss on Sale of Fixed Assets	(550)	-
Changes in Assets and Liabilities:		
Accounts Receivable	(16,291)	(7,586)
Unconditional Promises to Give, net	200,449	240,354
Accrued Interest Receivable	(1,359)	347
Grants Receivable	130,183	(335,580)
Prepaid Expenses	(23,183)	(43,659)
Deposit on Land	(10,000)	1,012,775
Accounts Payable	62,047	(10,613)
Sales Tax Payable	123	(12)
Gift Annuity Payable	(9,813)	(8,043)
Accrued Salaries and Payroll Taxes	(40,749)	24,603
Employee Benefit Payable	527	(1,509)
Security Deposit Payable	(1,500)	-
Unearned Revenue	(5,145)	(2,300)
NET CASH PROVIDED BY OPERATING ACTIVITIES	356,420	1,866,649
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	1,054,624	1,159,415
Purchase of Investments	(549,745)	(464,618)
Loan Receivable	(50,000)	-
Purchase of Fixed Assets	(597,645)	(4,540,248)
Proceeds from Sale of Fixed Assets	-	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	(142,766)	(3,845,451)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Borrowing	-	1,797,500
Repayment of Long-Term Borrowing	(500,000)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	(500,000)	1,797,500
NET INCREASE IN CASH	(286,346)	(181,302)
CASH AT BEGINNING OF YEAR	1,047,194	1,228,496
CASH AT END OF YEAR	\$ 760,848	\$ 1,047,194
Supplemental Disclosures		
Interest Paid	\$ 17,109	\$ 15,111
Income Taxes Paid	\$ -	\$ -

See auditor's report and accompanying notes to financial statements

MOHONK PRESERVE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(with summarized comparative information for December 31, 2014)

	PROGRAM SERVICES				
	Environmental Education	Land Stewardship	Land Protection	Conservation Science	Total Program Services
Wages	\$ 460,859	\$ 617,385	\$ 126,911	\$ 214,342	\$ 1,419,497
Payroll Taxes	33,574	46,343	8,668	16,219	104,804
Payroll Related Insurance	49,851	61,100	21,092	24,224	156,267
Pension Expense	18,636	21,343	8,309	12,220	60,508
Total Wages and Related Expenses	562,920	746,171	164,980	267,005	1,741,076
Contract Services and Consulting	41,322	46,348	20,318	1,440	109,428
Legal and Accounting	4,775	12,401	8,538	2,626	28,340
Honoraria	5,270	1,750	-	13,142	20,162
Occupancy	3,706	17,792	1,482	8,576	31,556
Auto and Truck Expense	-	49,348	36	959	50,343
Advertising and Promotion	17,263	-	-	-	17,263
Printing and Publications	31,790	13,371	642	110	45,913
Exhibit Supplies and Materials	10,212	1,162	-	-	11,374
Insurance	10,769	38,158	5,586	5,703	60,216
Maintenance Supplies and Materials	-	55,107	-	-	55,107
Program Supplies	21,315	28,067	216	1,839	51,437
Office Supplies and Materials	3,921	6,222	2,024	1,289	13,456
Information Technology	6,052	9,402	2,251	3,887	21,592
Dues and Subscriptions	825	2,947	7,865	1,444	13,081
Telephone and Internet	2,875	8,874	1,228	3,334	16,310
Postage	9,667	569	126	451	10,812
Travel	11,941	9,674	4,149	5,485	31,250
Special Events	63	252	-	-	315
Meetings and Professional Development	3,656	11,411	1,827	2,561	19,455
Community Grant Expenses	-	-	2,000	-	2,000
Board of Director's Expense	-	-	-	-	-
Investment Management Fees	-	-	-	-	-
Contributions	-	1,000	9,000	-	10,000
Personnel Recruitment	1,312	1,197	644	2,268	5,421
Interest Expense	2,856	4,427	18,252	1,571	27,106
Cost of Sales	-	27,239	-	-	27,239
Credit Card Fees	6,739	10,446	2,696	3,707	23,588
Bad Debt Expense	-	-	-	-	-
Miscellaneous Administration Expense	4,020	650	1,880	150	6,700
Real Estate Taxes	-	-	21,545	-	21,545
Sub-Total	200,349	357,814	112,305	60,542	731,010
Depreciation	73,043	113,217	29,217	40,174	255,651
TOTAL EXPENSES	\$ 836,312	\$ 1,217,202	\$ 306,502	\$ 367,720	\$ 2,727,736

See auditor's report and accompanying notes to financial statements

MOHONK PRESERVE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(with summarized comparative information for December 31, 2014)

	SUPPORTING SERVICES				
	Management & General	Development & Fund-raising	Total Support Services	TOTAL	
				2015	2014
Wages	\$ 174,569	\$ 321,759	\$ 496,328	\$ 1,915,825	\$ 1,875,424
Payroll Taxes	11,067	23,016	34,083	138,887	137,163
Payroll Related Insurance	25,745	49,872	75,617	231,884	268,372
Pension Expense	10,220	19,678	29,898	90,406	80,351
Total Wages and Related Expenses	221,601	414,325	635,926	2,377,002	2,361,310
Contract Services and Consulting	230	13,256	13,486	122,914	224,235
Legal and Accounting	10,154	15,127	25,281	53,621	72,809
Honoraria	-	-	-	20,162	4,204
Occupancy	1,853	3,706	5,559	37,115	43,826
Auto and Truck Expense	-	87	87	50,430	40,840
Advertising and Promotion	-	-	-	17,263	18,721
Printing and Publications	28	26,521	26,549	72,462	58,906
Exhibit Supplies and Materials	-	-	-	11,374	3,268
Insurance	5,182	10,367	15,549	75,765	68,365
Maintenance Supplies and Materials	-	-	-	55,107	78,834
Program Supplies	-	3,901	3,901	55,338	52,791
Office Supplies and Materials	1,882	5,121	7,003	20,459	19,154
Information Technology	2,790	18,356	21,146	42,738	42,641
Dues and Subscriptions	1,841	2,497	4,338	17,419	20,921
Telephone and Internet	2,636	2,337	4,973	21,283	21,366
Postage	(43)	13,181	13,138	23,951	24,504
Travel	889	7,581	8,470	39,720	20,708
Special Events	-	236,964	236,964	237,279	178,080
Meetings and Professional Development	2,637	4,396	7,033	26,488	20,879
Community Grant Expenses	-	-	-	2,000	-
Board of Director's Expense	11,625	-	11,625	11,625	1,476
Investment Management Fees	4,799	-	4,799	4,799	4,798
Contributions	-	-	-	10,000	13,250
Personnel Recruitment	123	839	962	6,383	6,102
Interest Expense	17,400	2,856	20,256	47,362	15,111
Cost of Sales	-	-	-	27,239	21,505
Credit Card Fees	3,370	6,739	10,109	33,697	30,649
Bad Debt Expense	-	10,000	10,000	10,000	-
Miscellaneous Administration Expense	5,890	17,465	23,355	30,055	23,241
Real Estate Taxes	-	-	-	21,545	60,632
Sub-Total	73,286	401,298	474,584	1,205,594	1,191,816
Depreciation	36,521	73,043	109,565	365,215	356,088
TOTAL EXPENSES	\$ 331,409	\$ 888,666	\$ 1,220,075	\$ 3,947,811	\$ 3,909,214

See auditor's report and accompanying notes to financial statements

MOHONK PRESERVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 1: Summary of Significant Accounting Policies

Nature of Activities

Founded in 1978, Mohonk Preserve, Inc. ("the Organization") is the largest member and visitor-supported nature preserve in New York State. Our mission is to protect the Shawangunk Mountains region and inspire people to care for, enjoy, and explore their natural world. We accomplish the mission through our core program services: land protection and stewardship, conservation science, and environmental education.

Basis of Accounting

The financial statements of Mohonk Preserve, Inc. are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Contributions

The Organization accounts for contributions in accordance with the recommendations of generally accepted accounting principles. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire with the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that must be maintained permanently by the Organization.

Revenues are reported as increases in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities, if any, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

MOHONK PRESERVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 1: Summary of Significant Accounting Policies (continued)

Contributions, including unconditional promises to give, are recognized as revenues in the period in which the contribution or promises to give are received. Promises to give which are restricted by the donor to a specific purpose which has not been met as of the statement of financial position date, are shown as increases in temporarily restricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Due to their prospective nature, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers cash equivalents to be investments with maturities of three months or less at acquisition date. The cost of the cash equivalents, which consist of certificates of deposit and commercial paper, approximates market value. Cash and cash equivalents held in investment accounts are included in investments and excluded from cash for the purposes of the Statements of Financial Position and Cash Flows.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debts expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or grants receivable. At December 31, 2015, management determined that all outstanding receivables were collectible.

MOHONK PRESERVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 1: Summary of Significant Accounting Policies (continued)

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise was received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Investments

Investments consist of cash, cash equivalents, bonds, publicly traded shares of common stocks, mutual funds, and exchange-traded funds, purchased and recorded at cost or received as contributions and recorded at fair market value as of the date received. Recorded amounts are adjusted to fair market values at year end. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as an increase or decrease in unrestricted net assets unless the income or loss is restricted by donor or law.

Property, Equipment and Land

Property and equipment that is purchased is recorded at cost. Donated property and equipment is recorded at fair market value as of the date of the donation. Expenditures for maintenance and repairs are charged to operations when incurred. Gains and losses from sales or other dispositions of depreciable property are included in current operations. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets using the straight-line method.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Voluntary Contributions

While the Organization is exempt from property tax on the lands it owns for public access and conservation purposes, it is the organization's policy to make annual voluntary contributions to the municipality in which the public conservation areas that it owns are located.

MOHONK PRESERVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 1: Summary of Significant Accounting Policies (continued)

Restricted Revenue

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Income Tax Status

The Organization is exempt from Federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3). Therefore, no provision for income taxes has been made.

Uncertain Tax Positions

Tax positions primarily include the Organization's tax exempt status and unrelated business income. Management has assessed significant tax positions and believes that there are no such tax positions required to be recognized. Penalties and interest, if any, assessed by taxing authorities will be included in expenses in the year of assessment. The Organization files IRS Form 990 in the U.S. federal jurisdiction and the three prior years' returns remain open to examination.

Donated Services, Goods and Facilities

A substantial number of volunteers have donated a considerable number of hours to the Organization's program services and fundraising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services, legal services, and specialized skills, which enhanced or created a financial asset, are reflected in the Statements of Activities at their fair value.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

MOHONK PRESERVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 2: Investments in Fixed Assets

The Organization purchased 856 acres known as the Mohonk Preserve Foothills from Open Space Institute Land Trust, Inc. on December 17, 2014. This land, once a part of the Mohonk Mountain House property, is now preserved for perpetuity through the efforts of both the Open Space Institute (OSI) and now the Mohonk Preserve. OSI and the State of New York will hold conservation easements on the property to assure it remains open space. The Mohonk Preserve Foothills include the structures of the Testimonial Gatehouse, the Hasbrouck House, Kleinekill Farm, Brook Farm, Pine Farm, the Turner House and the Breezy Lawn Barn. The total cost recognized for this purchase is \$3,633,264.

As of December 31, 2015, the Organization has a total of 8,112 acres of property and easements that have been transferred from Mohonk Trust, purchased, or donated. Investment in land is \$6,270,209 at December 31, 2015.

At December 31, 2015 and 2014, fixed assets are summarized as follows:

	2015	2014
Land	\$ 6,270,209	\$ 6,237,495
Buildings	5,195,914	5,127,201
Land & Building Improvements	2,348,617	2,304,620
Carriage Roads	866,021	659,673
Machinery & Equipment	437,428	647,475
Automobiles & Trucks	498,878	527,657
Construction In Progress	390,968	207,451
Exhibits	549,489	545,586
Total Cost Basis in Fixed Assets	16,557,524	16,257,158
Less Accumulated Depreciation	(3,420,749)	(3,353,363)
Total Net Fixed Assets	<u>\$ 13,136,775</u>	<u>\$ 12,903,795</u>

Note 3: Concentrations of Credit Risk

The Organization maintains its cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). However, as of December 31, 2015 the total uninsured funds subject to credit risk was \$470,612.

Note 4: Cash and Restrictions on Cash

During the years ended December 31, 2015 and 2014, Mohonk Preserve, Inc. received contributions and grants restricted for various programs. At December 31, 2015 and 2014, the following funds were held in cash accounts unrestricted and restricted for the following purposes:

MOHONK PRESERVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 4: Cash and Restrictions on Cash (Continued)

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Checking Cash	\$ 307,649	\$ 407,023	\$ 29,050	\$ 743,722
Capital Campaign Fund	-	31	-	31
Depreciation Fund	13,795	-	-	13,795
Trail Head Cash	2,950	-	-	2,950
Petty Cash and Other	350	-	-	350
				-
Totals by Restrictions	<u>\$ 324,744</u>	<u>\$ 407,054</u>	<u>\$ 29,050</u>	<u>\$ 760,848</u>

At December 31, 2014, the following funds were held in cash accounts unrestricted and restricted for the following purposes:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Checking Cash	\$ 428,565	\$ 510,119	\$ 40,557	\$ 979,241
Capital Campaign Fund	-	50,605	-	50,605
Depreciation Fund	13,748	-	-	13,748
Trail Head Cash	3,250	-	-	3,250
Petty Cash and Other	350	-	-	350
				-
Totals by Restrictions	<u>\$ 445,913</u>	<u>\$ 560,724</u>	<u>\$ 40,557</u>	<u>\$ 1,047,194</u>

Note 5: The loan receivable of \$50,000 represents an amount due to the Organization from The American Alpine Club (AAC) as of December 31, 2015. This amount was lent to AAC for the purpose of start-up capital and operating costs for a local campground known as the Sam Pryor Shawangunk Gateway Campground (Campground), which is adjacent to Organization property. The Campground's mission is to provide safe, affordable, environmentally friendly, quality camping experiences for Shawangunk Mountain visitors, which will also build community around the mission values of both the Mohonk Preserve and AAC, and enhance the economic vitality of the area in a manner compatible with its surroundings. Payback for this loan will be made by AAC as funds from operations become available. The interest rate charged to this loan for its duration is based on the February 2015 short-term applicable federal rate of .48%, the month when the loan originated.

MOHONK PRESERVE, INC.
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Note 6: Marketable Securities

Investments in marketable securities with readily determinable fair values are reported at their fair market values based on quoted market prices in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Marketable securities, including Gift Annuity securities, of the Organization are summarized as follows:

For the year ended December 31, 2015, investment in marketable securities was as follows:

<u>2015</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Appreciation/ (Depreciation)</u>
Stock Mutual Funds	\$ 3,473,702	\$ 5,952,100	\$ 2,478,398
Bond Mutual Funds	2,586,135	2,698,794	112,659
Bonds	68,386	24,929	(43,457)
Money Market	<u>627,145</u>	<u>626,400</u>	<u>(745)</u>
Total	<u>\$ 6,755,368</u>	<u>\$ 9,302,223</u>	<u>\$ 2,546,855</u>

Investment return is summarized as follows:

	<u>2015</u>
Interest/dividend income	\$ 197,864
Net realized and unrealized gains	<u>(112,227)</u>
Total investment return	<u>\$ 85,637</u>

MOHONK PRESERVE, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 6: Marketable Securities (continued)

For the year ended December 31, 2014, investment in marketable securities was as follows:

<u>2014</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation/ (Depreciation)</u>
Stock Mutual Funds	\$ 3,827,646	\$ 6,681,557	\$ 2,853,910
Bond Mutual Funds	2,660,403	2,832,819	172,416
Bonds	81,199	39,358	(41,841)
Money Market	362,595	365,595	3,000
Total	<u>\$ 6,931,844</u>	<u>\$ 9,919,329</u>	<u>\$ 2,987,485</u>

Investment return is summarized as follows:

	<u>2014</u>
Interest/dividend income	\$ 200,301
Net realized and unrealized gains	<u>785,189</u>
Total investment return	<u>\$ 985,490</u>

Note 7: Fair Value Measurements

Fair value measurements for investments reported at fair value on a recurring basis at December 31, 2015 and 2014 were determined based on level one inputs only. See the table below.

	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	
	<u>2015</u>	<u>2014</u>
Stock Mutual Funds	\$ 7,575,058	\$ 6,681,557
Bond Mutual Funds	1,075,836	2,832,819
Bonds	24,929	39,358
Money Market	626,400	365,595
Total	<u>\$ 9,302,223</u>	<u>\$ 9,919,329</u>

MOHONK PRESERVE, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 7: Fair Value Measurements (continued)

The fair value of the gift annuity payable is determined through level three inputs. There are no readily observable market data necessary to determine fair value of this liability. The Organization values the liability based on the present value of expected future annuity payments using a discount rate in effect at the time the annuity was established. Mortality estimates were obtained from the published 2000CM mortality tables. The Organization determined the fair value of the annuities payable as of December 31, 2015 and 2014 to be \$127,912 and \$137,725, respectively.

Note 8: Promises to Give

Unconditional promises to give at December 31, 2015 and 2014 are as follows:

	2015	2014
Unrestricted	\$ 3,800	\$ 3,625
Capital Campaign	273,321	478,276
Endowment	6,000	12,000
	283,121	493,901
Less: Discounted amount	(6,969)	(17,300)
Total Unconditional Promises to Give, net	<u>\$ 276,152</u>	<u>\$ 476,601</u>

The interest rate used for the discounted amount is based on a 5-year treasury rate effective as of the end of the year. At December 31, 2015 and 2014, the interest rate was 1.76% and 1.65%, respectively.

The following is a schedule of unconditional promises to give for the next five years:

<u>Year</u>	<u>Amount</u>
2016	\$ 186,796
2017	70,325
2018	26,000
2019	-
2020	-
	<u>\$ 283,121</u>
Less: Discounted amount	(6,969)
Total Unconditional Promises to Give, net	<u>\$ 276,152</u>

MOHONK PRESERVE, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 9: Deposit on Land

During the year ended December 31, 2015 the Organization entered into an agreement to purchase an additional 50.2 acres of vacant land within the Towns of Gardiner and Rochester, New York. A \$10,000 deposit was recorded at the time of the agreement. As of December 31, 2015 the balance of \$10,000 for Deposit on Land was related to this property. See Subsequent Event Note 16. As of December 31, 2014 there was no amount considered as a deposit on land.

Note 10: Notes Payable

Notes payable are summarized as follows:

- (A) Revolving demand note payable to M&T Bank with a maximum credit available of \$2,500,000. The loan is payable on demand. The interest rate during the draw period is variable at LIBOR plus 65 basis points. The interest rate at December 31, 2015 was 1.5%. The balances of this loan as December 31, 2015 and 2014 were \$1,127,335 and \$1,627,335 respectively. The loan is secured by investments held in a separate account with a fair market value of \$4,677,005 as of December 31, 2015.
- (B) The Organization borrowed \$672,500 from Open Space Institute Land Trust, Inc. to fund in part the purchase of the Mohonk Preserve Foothills property. See Note 2. The indebtedness is secured with a mortgage on the property purchased. Payments of interest only shall be made on the fifth and tenth anniversary dates of the promissory note dated December 17, 2014. The initial interest rate shall be the one year LIBOR rate published most recently immediately prior to execution of this note plus 1.5%. The subsequent interest rates shall be the one year LIBOR rate published immediately prior to each anniversary date of the note plus 1.5%. Payments shall be based upon simple interest only and shall be applied to the unpaid principal sum owed on the note. The entire principal sum together with any unpaid accrued interest shall be due and payable on the 10th anniversary of the note.
- (C) The Organization borrowed \$1,125,000 from the Marty and Dorothy Silverman Foundation to fund in part the purchase of the Mohonk Preserve Foothills property. See Note 2. The indebtedness is secured with a mortgage on the property purchased. Repayment of the loan shall be made as follows: simple interest shall be payable quarterly for each outstanding day on the then-unpaid principal amount thereof until the entire loan is repaid at an interest rate equal to one and one half percent (1.5%) for the first five years of the loan and two percent (2%) for the sixth year of the loan through the maturity date, December 31, 2020, when the entire principal amount remaining on the loan shall be due and payable.

**MOHONK PRESERVE, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 10: Notes Payable (continued)

The following is a schedule of anticipated principle maturities of debt for each of the next five years and thereafter:

<u>Year</u>	<u>Amount</u>
2016	\$ 1,127,335
2017	-
2018	-
2019	-
2020	1,125,000
Thereafter	672,500
Total Debt	<u>\$ 2,924,835</u>

Note 11: Related Party Transactions

During the years ended December 31, 2015 and 2014, Mohonk Preserve, Inc. expensed payments totaling \$2,216 and \$1,986, respectively, which were made or due to Smiley Brothers, Inc. for goods and services provided at regular or discounted rates. Two members of the nineteen members of the Mohonk Preserve's Board of Directors are related to Smiley Brothers, Inc., which operates a resort hotel which adjoins the Mohonk Preserve, Inc. property. Also included in revenue on the accompanying financial statements for the years ended December 31, 2015 and 2014 are \$3,500 and \$3,325, respectively, of payments received from Smiley Brothers, Inc. at regular rates for services provided.

During the year ended December 31, 2003, in order to provide access to their properties, Mohonk Preserve, Inc. entered into three "license agreements" with Smiley Brothers, Inc. In two of the agreements Mohonk Preserve is licensee, receiving, for no consideration, a temporary revocable right to enter upon and maintain a trail and a carriage road owned by Smiley Brothers, Inc. for the benefit of Mohonk Preserve's visitors and the public. In the third, Mohonk Preserve is licensor, granting a temporary revocable right, for no consideration, to Smiley Brothers, Inc. to allow Smiley Brothers to enter and maintain a section of carriage road and several open air "summer house" structures for the benefit of its visitors and the public. These land access "license agreements" are revocable by either party upon prior notice.

MOHONK PRESERVE, INC.
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Note 12: Endowment Funds

The Organization's endowment consists of various individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring each person responsible for managing and investing an institutional fund "shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances." The act also requires that the following eight factors, if relevant, be considered in managing and investing an institutional fund: (1) general economic conditions, (2) the possible effect of inflation or deflation, (3) the expected tax consequences, if any, of investment decisions or strategies, (4) the role that each investment or course of action plays within the overall investment portfolio of the fund, (5) the expected total return from income and the appreciation of investments, (6) other resources of the institution, (7) the needs of the institution and the fund to make distributions and to preserve capital, and (8) an asset's special relationship or special value, if any, to the purposes of the institution. In addition to the eight factors set forth above the governing board must consider the purposes of the Organization as well as the purposes for which the fund was established when managing and investing an institutional fund.

Under NYPMIFA a fund's investments must be diversified unless the Organization's governing board determines that, due to special circumstances, the purposes of the fund are better served without diversification. Any decision not to diversify must be reviewed by the Organization's governing board at least annually.

Management and investment decisions about a specific asset must be made in the context of the portfolio of investments in which the fund is invested and as part of an overall investment strategy in light of return objectives "reasonably suited" to the charity and the fund. In addition, the organization shall be required, within a reasonable time after receiving property, to make and carry out decisions regarding retaining or disposing of the property, or rebalancing the Organization's portfolio in order to bring the fund into compliance with NYPMIFA, and to take into consideration the Organization's other circumstances, including, for example, its distribution requirements and/or general liquidity needs.

MOHONK PRESERVE, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 12: Endowment Funds (continued)

The composition of endowment net assets and the changes in endowment net assets for the year ended December 31, 2015 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, 1/1/15	\$1,584,971	\$1,302,960	\$2,607,917	\$5,495,848
Contributions	40,902	-	105,680	146,582
Investment income	72,461	30,757	-	103,218
Net appreciation	(38,983)	(21,946)	-	(60,929)
Released or Transferred for				
Expenditures	(175,356)	(54,004)	-	(229,360)
Endowment funds, 12/31/15	<u>\$1,483,995</u>	<u>\$1,257,767</u>	<u>\$2,713,597</u>	<u>\$5,455,359</u>

The composition of endowment net assets and the changes in endowment net assets for the year ended December 31, 2014 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, 1/1/14	\$1,368,428	\$1,199,997	\$2,561,972	\$5,130,397
Contributions	-	-	45,945	45,945
Investment income	72,455	31,003	-	103,458
Net appreciation	297,025	128,332	-	425,357
Released or Transferred for				-
Expenditures	(152,937)	(56,372)	-	(209,309)
Endowment funds, 12/31/14	<u>\$1,584,971</u>	<u>\$1,302,960</u>	<u>\$2,607,917</u>	<u>\$5,495,848</u>

Note 13: Pension Plan

The Organization has a defined contribution plan. The plan covers all employees after attaining age 21, who have worked a minimum of two years of service with the Organization, who work at least 1,000 hours annually, and are employees on the last day of the plan year. The plan provides that the Organization will contribute 7% of each eligible employee's annual salary. Pension plan expense for the years ended December 31, 2015 and 2014 amounted to \$90,405 and \$80,351, respectively.

MOHONK PRESERVE, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 14: Gift Annuity

The Organization has entered into Charitable Gift Annuity Agreements whereby the donor contributes assets in exchange for distributions for a specified period of time to the donor or other beneficiaries. At the end of the specified time, the remaining assets are available for the Organization's use. Assets received are recorded at fair market value on the date the agreement is recognized, and a liability equal to the present value of the future distributions is recorded. The difference between the fair market value of the assets received and the liability to the donor or other beneficiaries is recognized as contribution revenue. The Organization has segregated these assets as separate and distinct funds, independent from other funds and not to be applied to payment of the debts and obligations of the Organization or any other purpose other than annuity benefits specified in the agreements. In addition, this portfolio of assets meets all requirements concerning permissible investment and mandated reserves as required by law. On an annual basis, the Organization revalues the liability based on applicable mortality tables and discount rates. In the event of the death of an annuitant, the Organization recognizes as income the balance of any annuity payable.

The following table reflects changes in the gift annuity liability during 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Beginning of Year	\$ 137,725	\$ 145,768
Annuity Payments	(20,745)	(20,745)
Derecognition of liability	-	-
Increase in Split Interest liability	10,932	12,702
Ending of Year	<u>\$ 127,912</u>	<u>\$ 137,725</u>

MOHONK PRESERVE, INC.
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Note 15: Net Assets by Restriction

The net assets of the Organization by fund are as follows:

	<u>2015</u>	<u>2014</u>
Unrestricted		
Unrestricted - Undesignated	\$ 14,108,061	\$ 13,975,390
Board Designated Endowment	1,483,995	1,584,971
Total Unrestricted	<u>15,592,056</u>	<u>15,560,361</u>
Temporarily Restricted		
Non-Endowment	1,469,716	1,967,659
Endowment	1,257,767	1,302,960
Total Restricted	<u>2,727,483</u>	<u>3,270,619</u>
Permanently Restricted Endowments	<u>2,713,597</u>	<u>2,607,917</u>
Total Net Assets	<u><u>\$ 21,033,136</u></u>	<u><u>\$ 21,438,897</u></u>

Note 16: Subsequent Events

Events that occur after the date of Statement of Financial Position but before the date the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the Statement of Financial Position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the Statement of Financial Position require disclosure in the accompanying notes. Management evaluated the activities of the Organization through March 18, 2016 (the date the financial statements were available to be issued) and concluded that the following subsequent event has occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

During January of 2016 the Organization purchased 50.2 acres of vacant land within the Towns of Gardiner and Rochester, New York for \$331,500. The purchase of this property will eventually be fully funded from the receipts of pledges from donors and a sale of another parcel of property. However, in order to complete the purchase of this property in January 2016 the Organization utilized amounts received from donor pledges and the remainder of \$200,000 from a drawdown available with their credit line from M & T Bank.

MOHONK PRESERVE, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 17: Prior Period Adjustment

The prior period adjustments presented below represent corrections for certain matters that were identified during 2015.

	As Originally Reported	Increases	Decreases	2014 Restated
Deposit on Land	\$ 22,500	\$ -	\$ (22,500)	\$ -
Land	6,154,755	82,740	-	6,237,495
Buildings	4,025,544	1,101,657		5,127,201
Land & Building Improvements	3,407,336		(1,102,716)	2,304,620
Machinery & Equipment	1,146,223		(498,748)	647,475
Exhibits	45,778	499,808		545,586
Total Assets	14,802,136	1,684,205	(1,623,964)	14,862,377
Legal and Accounting Expenses	133,526	-	(60,717)	72,809
Total Expenses	3,969,931	-	(60,717)	3,909,214
Unrestricted Net Assets	15,500,121	82,740	(22,500)	15,560,361
Total Net Assets	\$ 21,378,657	\$ 82,740	\$ (22,500)	\$ 21,438,897

Including in the restatement above are the reclassification of Fixed Assets by category to properly reflect the acquisitions in prior years. See Note 2 Investment in Fixed Assets.