

**MOHONK PRESERVE, INC.  
FINANCIAL REPORT  
DECEMBER 31, 2020**

**MOHONK PRESERVE, INC**

**TABLE OF CONTENTS**

|                                  | <b>PAGE</b> |
|----------------------------------|-------------|
| INDEPENDENT AUDITOR'S REPORT     | 1-2         |
| STATEMENT OF FINANCIAL POSITION  | 3           |
| STATEMENT OF ACTIVITIES          | 4           |
| STATEMENT OF FUNCTIONAL EXPENSES | 5           |
| STATEMENT OF CASH FLOWS          | 6           |
| NOTES TO FINANCIAL STATEMENTS    | 7-21        |

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Mohonk Preserve, Inc.

We have audited the accompanying financial statements of Mohonk Preserve, Inc. (a New York nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 from 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited Mohonk Preserve, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marvin and Company, P.C.*

Latham, New York  
May 7, 2021

**MOHONK PRESERVE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

**ASSETS**

|  | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With<br/>Donor<br/>Restrictions</u> | <u>Total<br/>2020</u> | <u>Total<br/>2019</u> |
|--|---|--|-----------------------|-----------------------|
| <b>Assets</b>                              |   |  |                       |                       |
| Cash                                       | \$ 1,629,817                              | \$ 826,131                             | \$ 2,455,948          | \$ 2,333,549          |
| Accounts Receivable                        | 9,487                                     | -                                      | 9,487                 | 43,670                |
| Contributions Receivable                   | -   | 287,897                                | 287,897               | 507,188               |
| Accrued Interest Receivable                | 104                                       | -                                      | 104                   | 231                   |
| Contracts and Grants Receivable            | 136,403                                   | -                                      | 136,403               | 43,340                |
| Other Receivable                           | 20,750                                    | -                                      | 20,750                | 10,000                |
| Investments - Beneficial Interest in Trust | 336,735                                   | -                                      | 336,735               | 328,589               |
| Investments - Gift Annuity                 | -   | 318,175                                | 318,175               | 305,381               |
| Investments                                | 4,688,133                                 | 5,104,671                              | 9,792,804             | 8,858,961             |
| Prepaid Expenses and Deposits              | 107,233                                   | -                                      | 107,233               | 101,788               |
| Property and Equipment, Net                | 10,064,487                                | -                                      | 10,064,487            | 9,337,052             |
| Land                                       | 6,820,709                                 | -                                      | 6,820,709             | 6,820,709             |
| <b>TOTAL ASSETS</b>                        | <u>\$ 23,813,858</u>                      | <u>\$ 6,536,874</u>                    | <u>\$ 30,350,732</u>  | <u>\$ 28,690,458</u>  |

**LIABILITIES AND NET ASSETS**

|   |                      |                     |                      |                      |
|---|----------------------|---------------------|----------------------|----------------------|
| <b>Liabilities</b>                      |                      |                     |                      |                      |
| Accounts Payable                        | \$ 264,547           | \$ -                | \$ 264,547           | \$ 212,014           |
| Gift Annuity Payable                    | -                    | 90,440              | 90,440               | 96,370               |
| Accrued Salaries and Related Items      | 290,248              | -                   | 290,248              | 252,024              |
| Security Deposits Payable               | 4,150                | -                   | 4,150                | 3,350                |
| Unearned Revenue                        | 48,591               | -                   | 48,591               | 13,000               |
| Mortgage Payable                        | 625,000              | -                   | 625,000              | 1,125,000            |
| <b>TOTAL LIABILITIES</b>                | <u>1,232,536</u>     | <u>90,440</u>       | <u>1,322,976</u>     | <u>1,701,758</u>     |
| <b>Net Assets</b>                       | <u>22,581,322</u>    | <u>6,446,434</u>    | <u>29,027,756</u>    | <u>26,988,700</u>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u>\$ 23,813,858</u> | <u>\$ 6,536,874</u> | <u>\$ 30,350,732</u> | <u>\$ 28,690,458</u> |

**MOHONK PRESERVE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

|  | <b>Without<br/>Donor<br/>Restrictions</b> | <b>With<br/>Donor<br/>Restrictions</b> | <b>Total<br/>2020</b> | <b>Total<br/>2019</b> |
|--|---|--|-----------------------|-----------------------|
| <b>Public Support</b>                        |   |  |                       |                       |
| Memberships                                  | \$ 1,048,868                              | \$ -                                   | \$ 1,048,868          | \$ 946,825            |
| Contributions                                | 695,422                                   | 146,090                                | 841,512               | 1,792,850             |
| Contracts and Grants                         | 748,508                                   | 142,100                                | 890,608               | 310,753               |
| Paycheck Protection Program Funding          | 613,292                                   | -                                      | 613,292               | -                     |
| Special Event Income                         | 310,102                                   | -                                      | 310,102               | 705,022               |
| Bequests                                     | 266,945                                   | -                                      | 266,945               | 392,736               |
| <b>Total Public Support</b>                  | <b>3,683,137</b>                          | <b>288,190</b>                         | <b>3,971,327</b>      | <b>4,148,186</b>      |
| <b>Revenue</b>                               |   |  |                       |                       |
| Day Use Fees                                 | 1,077,795                                 | -                                      | 1,077,795             | 646,285               |
| Program Fees                                 | 50,517                                    | -                                      | 50,517                | 167,217               |
| Rental Income                                | 55,450                                    | -                                      | 55,450                | 83,230                |
| Gift Shop Sales                              | 46,100                                    | -                                      | 46,100                | 51,505                |
| Other Income                                 | 4,183                                     | -                                      | 4,183                 | 21,847                |
| Interest and Dividends                       | 121,331                                   | 35,760                                 | 157,091               | 248,716               |
| Gain on Sale of Investments                  | 166,074                                   | 48,549                                 | 214,623               | 2,766,377             |
| Unrealized Gain (Loss) on Investments        | 930,520                                   | 284,834                                | 1,215,354             | (1,321,000)           |
| Investment Fees                              | (8,759)                                   | (17,779)                               | (26,538)              | (23,847)              |
| Change in Value of Gift Annuity Payable      | -   | (14,816)                               | (14,816)              | (13,884)              |
| Gain on Disposal of Property and Equipment   | 5,539                                     | -                                      | 5,539                 | 4,000                 |
| <b>Total Revenue</b>                         | <b>2,448,750</b>                          | <b>336,548</b>                         | <b>2,785,298</b>      | <b>2,630,446</b>      |
| <b>Net Assets Released from Restrictions</b> | <b>509,160</b>                            | <b>(509,160)</b>                       | <b>-</b>              | <b>-</b>              |
| <b>Total Public Support and Revenue</b>      | <b>6,641,047</b>                          | <b>115,578</b>                         | <b>6,756,625</b>      | <b>6,778,632</b>      |
| <b>Expenses</b>                              |   |  |                       |                       |
| Program Services                             | 3,361,841                                 | -                                      | 3,361,841             | 3,258,792             |
| Supporting Services                          | 1,355,728                                 | -                                      | 1,355,728             | 1,555,326             |
| <b>Total Expenses</b>                        | <b>4,717,569</b>                          | <b>-</b>                               | <b>4,717,569</b>      | <b>4,814,118</b>      |
| <b>Changes in Net Assets</b>                 | <b>1,923,478</b>                          | <b>115,578</b>                         | <b>2,039,056</b>      | <b>1,964,514</b>      |
| Net Assets, Beginning of Year                | 20,657,844                                | 6,330,856                              | 26,988,700            | 25,024,186            |
| <b>Net Assets, End of Year</b>               | <b>\$ 22,581,322</b>                      | <b>\$ 6,446,434</b>                    | <b>\$ 29,027,756</b>  | <b>\$ 26,988,700</b>  |

See accompanying notes to financial statements.

**MOHONK PRESERVE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

|                                       | PROGRAM SERVICES           |                     |                    |                         |                     | SUPPORTING SERVICES     |                              |                     | Total<br>2020       | Total<br>2019       |
|---------------------------------------|----------------------------|---------------------|--------------------|-------------------------|---------------------|-------------------------|------------------------------|---------------------|---------------------|---------------------|
|                                       | Environmental<br>Education | Land<br>Stewardship | Land<br>Protection | Conservation<br>Science | Total               | Management<br>& General | Development &<br>Fundraising | Total               |                     |                     |
| Wages                                 | \$ 511,595                 | \$ 1,000,864        | \$ 187,097         | \$ 236,214              | \$ 1,935,770        | \$ 286,121              | \$ 376,728                   | \$ 662,849          | \$ 2,598,619        | \$ 2,471,618        |
| Payroll Taxes                         | 37,189                     | 74,639              | 13,976             | 17,314                  | 143,118             | 20,704                  | 28,144                       | 48,848              | 191,966             | 181,788             |
| Payroll Related Insurance             | 84,939                     | 122,844             | 38,049             | 42,556                  | 288,388             | 46,916                  | 102,249                      | 149,165             | 437,553             | 441,465             |
| Pension Expense                       | 23,523                     | 30,580              | 10,585             | 11,762                  | 76,450              | 12,938                  | 28,228                       | 41,166              | 117,616             | 136,196             |
| Total Wages and Related Expenses      | 657,246                    | 1,228,927           | 249,707            | 307,846                 | 2,443,726           | 366,679                 | 535,349                      | 902,028             | 3,345,754           | 3,231,067           |
| Contract Services and Consulting      | 12,630                     | 10,133              | 8,121              | 1,370                   | 32,254              | 61,506                  | 32,360                       | 93,866              | 126,120             | 83,485              |
| Legal and Accounting                  | 5,119                      | 9,784               | 23,586             | 2,560                   | 41,049              | 8,114                   | 17,926                       | 26,040              | 67,089              | 63,970              |
| Honoraria                             | 500                        | -                   | -                  | -                       | 500                 | -                       | -                            | -                   | 500                 | 3,165               |
| Occupancy                             | 2,541                      | 24,935              | 1,049              | 5,897                   | 34,422              | 1,394                   | 3,099                        | 4,493               | 38,915              | 46,062              |
| Auto and Truck Expense                | -                          | 48,780              | -                  | 179                     | 48,959              | -                       | -                            | -                   | 48,959              | 53,444              |
| Advertising and Promotion             | 3,514                      | -                   | -                  | -                       | 3,514               | -                       | -                            | -                   | 3,514               | 5,536               |
| Printing and Publications             | 15,374                     | 10,001              | -                  | -                       | 25,375              | 199                     | 17,531                       | 17,730              | 43,105              | 58,830              |
| Exhibit Supplies and Materials        | 5,207                      | -                   | -                  | -                       | 5,207               | -                       | -                            | -                   | 5,207               | 5,433               |
| Insurance                             | 10,167                     | 37,913              | 5,701              | 4,715                   | 58,496              | 5,240                   | 11,528                       | 16,768              | 75,264              | 80,469              |
| Maintenance Supplies and Materials    | -                          | 92,836              | -                  | -                       | 92,836              | -                       | -                            | -                   | 92,836              | 86,583              |
| Program Supplies                      | 2,423                      | 26,667              | 113                | 1,336                   | 30,539              | 384                     | 3,182                        | 3,566               | 34,105              | 55,308              |
| Office Supplies and Materials         | 2,261                      | 3,795               | 1,753              | 1,153                   | 8,962               | 1,200                   | 2,827                        | 4,027               | 12,989              | 17,904              |
| Information Technology                | 23,807                     | 38,128              | 9,897              | 11,561                  | 83,393              | 11,562                  | 36,186                       | 47,748              | 131,141             | 50,285              |
| Dues and Subscriptions                | 309                        | 3,234               | 7,644              | 49                      | 11,236              | 3,087                   | 1,164                        | 4,251               | 15,487              | 17,532              |
| Telephone and Internet                | 4,598                      | 9,039               | 2,445              | 3,738                   | 19,820              | 1,904                   | 4,188                        | 6,092               | 25,912              | 27,797              |
| Postage                               | 9,300                      | 581                 | 150                | 138                     | 10,169              | 184                     | 9,217                        | 9,401               | 19,570              | 18,416              |
| Travel                                | 13,780                     | 2,346               | 136                | 126                     | 16,388              | 263                     | 420                          | 683                 | 17,071              | 34,541              |
| Special Events                        | -                          | -                   | -                  | -                       | -                   | -                       | 40,026                       | 40,026              | 40,026              | 231,818             |
| Meetings and Professional Development | 2,225                      | 2,269               | 1,247              | 547                     | 6,288               | 470                     | 1,118                        | 1,588               | 7,876               | 25,629              |
| Board of Director's Expense           | -                          | -                   | -                  | -                       | -                   | 202                     | -                            | 202                 | 202                 | 3,294               |
| Contributions                         | -                          | 2,000               | 9,500              | -                       | 11,500              | -                       | -                            | -                   | 11,500              | 10,500              |
| Personnel Recruitment                 | -                          | 8,450               | 139                | -                       | 8,589               | 21,058                  | -                            | 21,058              | 29,647              | 45,985              |
| Interest Expense                      | -                          | -                   | 23,109             | -                       | 23,109              | -                       | -                            | -                   | 23,109              | 31,432              |
| Cost of Sales                         | -                          | 21,482              | -                  | -                       | 21,482              | -                       | -                            | -                   | 21,482              | 27,407              |
| Credit Card Fees                      | 9,786                      | 17,940              | 4,349              | 4,893                   | 36,968              | 5,436                   | 11,960                       | 17,396              | 54,364              | 42,507              |
| Bad Debt Expense                      | -                          | -                   | -                  | -                       | -                   | -                       | -                            | -                   | -                   | 17,202              |
| Miscellaneous Administration Expense  | 3,830                      | 1,153               | 163                | 181                     | 5,327               | 5,204                   | 605                          | 5,809               | 11,136              | 14,814              |
| Real Estate Taxes                     | -                          | -                   | 34,815             | -                       | 34,815              | -                       | -                            | -                   | 34,815              | 41,599              |
| Total Expenses Before Depreciation    | 784,617                    | 1,600,393           | 383,624            | 346,289                 | 3,114,923           | 494,086                 | 728,686                      | 1,222,772           | 4,337,695           | 4,432,014           |
| Depreciation                          | 75,974                     | 98,767              | 34,189             | 37,988                  | 246,918             | 41,786                  | 91,170                       | 132,956             | 379,874             | 382,104             |
| <b>Total Expenses</b>                 | <b>\$ 860,591</b>          | <b>\$ 1,699,160</b> | <b>\$ 417,813</b>  | <b>\$ 384,277</b>       | <b>\$ 3,361,841</b> | <b>\$ 535,872</b>       | <b>\$ 819,856</b>            | <b>\$ 1,355,728</b> | <b>\$ 4,717,569</b> | <b>\$ 4,814,118</b> |

See accompanying notes to financial statements.

**MOHONK PRESERVE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

|   | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
| <b>Cash Flows From Operating Activities</b>   |              |              |
| Change in Net Assets  | \$ 2,039,056 | \$ 1,964,514 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |              |              |
| Depreciation  | 379,874      | 382,104      |
| Contributed Property, Equipment and Land  | -            | (442,200)    |
| (Gain) on Disposal of Property and Equipment  | (5,539)      | (4,000)      |
| (Gain) on Sale of Investments   | (214,623)    | (2,766,377)  |
| Unrealized (Gain) Loss on Investments   | (1,215,354)  | 1,321,000    |
| Change in Value of Gift Annuity Payable   | 14,816       | 13,884       |
| Contributions Restricted for Investment in Endowments                                       | (24,928)     | (87,285)     |
| Changes in operating assets and liabilities:  |              |              |
| Accounts Receivable   | 34,183       | 74,737       |
| Contributions Receivable  | 219,291      | (18,704)     |
| Accrued Interest Receivable   | 127          | 22,175       |
| Contracts and Grants Receivable   | (93,063)     | 184,810      |
| Other Receivable  | (10,750)     | -            |
| Prepaid Expenses and Deposits   | (5,445)      | 7,400        |
| Accounts Payable  | 52,533       | 110,253      |
| Accrued Salaries and Related Items  | 38,224       | (268)        |
| Security Deposits Payable   | 800          | 615          |
| Unearned Revenue  | 35,591       | 9,895        |
| Accrued Interest Payable  | -            | (76,808)     |
| Net Cash Provided By Operating Activities   | 1,244,793    | 695,745      |
| <b>Cash Flows From Investing Activities</b>   |              |              |
| Proceeds from Sale of Investments   | 627,645      | 6,479,802    |
| Purchases of Investments  | (152,451)    | (4,947,056)  |
| Purchases of Property and Equipment   | (1,148,770)  | (1,510,191)  |
| Proceeds from Sale of Property and Equipment  | 47,000       | 4,000        |
| Net Cash (Used For) Provided By Investing Activities  | (626,576)    | 26,555       |
| <b>Cash Flows From Financing Activities</b>   |              |              |
| Contributions Restricted for Investment in Endowments                                       | 24,928       | 87,285       |
| Payments of Annuities   | (20,746)     | (20,745)     |
| Payments on Line of Credit  | -            | (1,241,380)  |
| Payments on Mortgages Payable   | (500,000)    | (672,500)    |
| Net Cash (Used For) Financing Activities  | (495,818)    | (1,847,340)  |
| <b>Net Increase (Decrease) in Cash</b>  | 122,399      | (1,125,040)  |
| Cash, Beginning of Year   | 2,333,549    | 3,458,589    |
| <b>Cash, End of Year</b>  | \$ 2,455,948 | \$ 2,333,549 |
| <b>Supplemental Disclosures</b>   |              |              |
| Donated Securities Immediately Sold   | \$ 21,539    | \$ 27,399    |
| Interest Paid   | \$ 23,109    | \$ 108,240   |
| <b>Non-Cash Transactions</b>  |              |              |
| Receipt of Contributed Property, Equipment and Land   | \$ -         | \$ 442,200   |



**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**1. NATURE OF ACTIVITIES AND TAX STATUS**

Founded in 1978, Mohonk Preserve, Inc. (“the Preserve”) is the largest member and visitor supported nature preserve in New York State. The Preserve’s mission is to protect the Shawangunk Mountains region and inspire people to care for, enjoy, and explore their natural world. The mission is accomplished through core program services: environmental education, land stewardship and protection, and conservation science. Funding for the Preserve’s purposes is primarily provided through public support.

The Preserve is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code, is classified as a public charity, and is not subject to income taxes on income received for exempt purposes. No provision for income taxes has been made in the financial statements. The Preserve follows statutory requirements for income tax accounting and avoids risks with tax positions that may be challenged upon examination. Management believes liability from taxing authority examination, if any, would not have a material effect on the financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The financial statements of the Preserve are presented using the accrual basis of accounting and reflect all significant receivables, payables and other liabilities. Revenues are recognized when earned and expenses are recognized when incurred.

***Basis of Presentation - Net Asset Classes***

In accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification 958, *Not-for-Profit Entities*, the Preserve presents information regarding its financial position and activities based upon the existence or absence of donor-imposed restrictions according to two classes of net assets:

Without Donor Restrictions - net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

With Donor Restrictions - net assets subject to donor/externally imposed or legal stipulations that can either be fulfilled by actions of the Preserve and/or the passage of time, or are required to be maintained permanently.

***Adoption of New Accounting Standard***

In August 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. As a result of adopting this standard January 1, 2020, no prior year amounts were reclassified to conform to the presentation requirements. There was no material impact to the financial statements as a result of adoption. All modifications resulting from adoption by the Preserve are reflected in Note 13.

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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 the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition***

Public support, consisting principally of memberships, contributions, and contracts and grants, including unconditional promises to give, is recognized as revenue in the period in which the public support is received, and is recorded as without donor restrictions or with donor restrictions depending on the existence of restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Conditional promises to give are not recognized until the conditions on which they depend are met.

Membership generally allows the member access to the Preserve's land for one year. The price of the membership is dependent on the level of access. All membership sales are final. Memberships are not refundable or exchangeable, and are not for resale. The full year of access to benefits is conferred at the time of purchase, whether or not a member elects to use them. The Preserve recognizes revenue from membership sales at the time of purchase. Preserver membership levels, totaling \$184,050 and \$43,500 during the years ended December 31, 2020 and 2019, respectively, are included in contributions on the Statement of Activities.

Revenue from contracts and grants, including Paycheck Protection Program funding, are primarily considered to be contribution transactions, the majority of which are cost-reimbursable grants. Revenue is recognized when eligible cost reimbursement expenses are incurred. The Preserve has elected the "simultaneous release" accounting policy option such that grants received and used within the same period are reported in net assets without donor restrictions.

Day use fees, program fees and gift shop sales are recognized as earned, which is when goods or services are provided to customers at an amount (transaction price) that reflects the consideration to which the Preserve expects to be entitled in exchange for those goods or services. Obligations for these services are generally provided at a point in time and are not left unsatisfied at the end of the reporting period.

***Cash and Cash Equivalents***

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.

The Preserve maintains its cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation. At times, the Preserve's cash may exceed federally insured limits. Amounts exceeding insured limits totaled \$2,071,829 and \$2,019,552 at December 31, 2020 and 2019, respectively. The Preserve does not believe that this results in significant credit risk.

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Accounts, Contracts and Grants Receivable***

Accounts, contracts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts, determined principally on the basis of historical experience, 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 the receivable. At December 31, 2020 and 2019, management determined that all outstanding receivables were collectible. There is no provision for doubtful accounts in the accompanying financial statements.

The Preserve has conditional government contracts and grants for educational programs and a bridge replacement totaling \$41,501 and \$181,500, respectively, at December 31, 2020.

***Contributions Receivable***

Contributions receivable consist of unconditional promises to give that are expected to be collected in future years. Contributions receivable are recorded at the present value of their estimated future cash flows. The discount on these amounts is computed using a risk-free interest rate effective as of the end of the year. Amortization of the discount is included in contributions in the Statement of Activities.

Contributions receivable are reviewed for collectability and a provision for uncollectible promises to give is recorded based on management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors. Management does not believe that any allowance for uncollectible promises to give is necessary as of December 31, 2020 and 2019.

***Beneficial Interest in Trust***

The Preserve's beneficial interest in a fund with the Community Foundations of the Hudson Valley (Foundation) is recognized as an asset without donor restrictions. The Foundation is the legal owner of fund assets and has the right to manage, control and conduct affairs of the fund and to modify any direction, restriction or condition and the timing of distributions from the fund.

***Charitable Gift Annuities***

Under charitable gift annuity contracts, the Preserve receives irrevocable title to contributed assets and agrees to make fixed period payments over various periods, generally the remaining life of the donor. Contributed assets are recorded at fair value at date of receipt and a liability is established for the present value of future annuity payments. The assets to fund these liabilities are maintained in a separate account and are included as an investment on the Statement of Financial Position.

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Charitable Gift Annuities (Continued)***

At the date the annuity is entered into, the excess of contributed assets over the annuity liability is recorded as a contribution. Any subsequent gain or loss resulting from the computation of the liability for the present value of future annuity payments is recorded as a change in the value of gift annuity payable. Upon termination of the annuity contract, any remaining liability is recognized as a change in the value of gift annuity payable in the Statement of Activities.

***Investments***

Investments consist of cash and money market funds, bonds, and exchange-traded products. Investments are reflected on the Statement of Financial Position at fair value based on published market prices. Unrealized gains and losses resulting from changes in fair value are reflected in the Statement of Activities. Investment income, including interest, dividends, gains, and losses, is included in the Statement of Activities as an increase or decrease in net assets without donor restrictions unless the income is restricted by donor or law.

***Property and Equipment***

Property and equipment that is purchased is recorded at cost. Donated property and equipment is recorded at fair value at the date of donation. Property and equipment additions and improvements acquired at a cost greater than \$1,000 are capitalized. Expenditures for maintenance and repairs are charged to operations when incurred. Gains and losses from sales or other dispositions of property and equipment are included in current operations. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the respective assets (3 to 40 years).

Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Preserve has determined that no impairment of its property and equipment existed at December 31, 2020 and 2019.

***Functional Expense Allocation***

The costs of providing programs and activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Expenses are charged directly to program or supporting services based on direct expenditures incurred. Certain categories of expenses are attributable to more than one program or supporting service. Significant expenses that are allocated include wages and related expenses and depreciation. Wages and related expenses are allocated based on the time and effort worked per program. All other cost allocation is a percentage of total gross wages allocated among the programs and supporting services benefited.

***Voluntary Contributions***

While the Preserve is exempt from property tax on the land it owns for public access and conservation purposes, it is organizational 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, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Advertising and Promotion Expenses***

Advertising and promotion expenses are recognized when incurred.

***Donated Goods and Services***

Contributions of donated noncash assets, if any, are recorded at their fair values in the period received.

The Preserve receives donated services from a substantial number of volunteers who have contributed a considerable number of hours to the Preserve's program services and fundraising campaigns. However, those services did not meet the criteria for recognition and have not been recognized in the financial statements.

***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 Preserve's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

**3. CONTRIBUTIONS RECEIVABLE**

Unconditional promises to give at December 31, 2020 and 2019 are as follows:

|                            | <u>2020</u>       | <u>2019</u>       |
|----------------------------|-------------------|-------------------|
| Without Donor Restrictions | \$ -              | \$ 30,020         |
| Capital Campaign           | 288,933           | 490,961           |
| Endowment                  | -                 | 2,053             |
|                            | <u>288,933</u>    | <u>523,034</u>    |
| Discounted amount          | <u>(1,036)</u>    | <u>(15,846)</u>   |
| Total                      | <u>\$ 287,897</u> | <u>\$ 507,188</u> |

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**3. CONTRIBUTIONS RECEIVABLE (CONTINUED)**

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, 2020 and 2019, the interest rate was 0.36% and 1.69%, respectively. Contributions receivable to be collected at December 31, 2020 and 2019, are as follows:

|                    | <u>2020</u>       | <u>2019</u>       |
|--------------------|-------------------|-------------------|
| Less than one year | \$ 159,550        | \$ 234,957        |
| One to four years  | <u>129,383</u>    | <u>288,077</u>    |
|                    | 288,933           | 523,034           |
| Discounted amount  | <u>(1,036)</u>    | <u>(15,846)</u>   |
| Total              | <u>\$ 287,897</u> | <u>\$ 507,188</u> |

**4. BENEFICIAL INTEREST IN TRUST**

The Preserve's assets at the Community Foundations of the Hudson Valley (Foundation) are held in an endowment pool. The Foundation invests the endowment pool assets in a portfolio consisting principally of domestic and international equity funds, and fixed income investments. The following table provides a summary of changes in fair value for the years ended December 31, 2020 and 2019:

|  | <u>2020</u>       | <u>2019</u>       |
|--|-------------------|-------------------|
| Balance as of January 1                            | \$ 328,589        | \$ 291,209        |
| Realized and Unrealized Gains (Losses)             | 13,789            | 42,486            |
| Interest, Dividends and Capital Gain Distributions | 8,264             | 10,147            |
| Grant Expense                                      | (10,425)          | (11,705)          |
| Management Fee Expense                             | <u>(3,482)</u>    | <u>(3,548)</u>    |
| Balance as of December 31                          | <u>\$ 336,735</u> | <u>\$ 328,589</u> |

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**5. INVESTMENTS**

Investments consisted of the following at December 31, 2020 and 2019:

|                                 | <u>2020</u>         | <u>2019</u>         |
|---------------------------------|---------------------|---------------------|
| Money Market/Cash Funds         | \$ 188,705          | \$ 238,782          |
| Bonds (Asset Backed Securities) | 2,032               | 2,524               |
| Exchange Traded Products:       |                     |                     |
| Bond Funds                      | 3,180,929           | 3,132,171           |
| Equity Funds                    | <u>6,421,138</u>    | <u>5,485,484</u>    |
| Total Investments               | <u>\$ 9,792,804</u> | <u>\$ 8,858,961</u> |

Investment income consisted of the following for the years ended December 31, 2020 and 2019:

|                                     | <u>2020</u>         | <u>2019</u>         |
|-------------------------------------|---------------------|---------------------|
| Interest and dividends              | \$ 157,091          | \$ 248,716          |
| Realized and unrealized gain (loss) | <u>1,429,977</u>    | <u>1,445,377</u>    |
| Total Investment Income             | <u>\$ 1,587,068</u> | <u>\$ 1,694,093</u> |

**6. PROPERTY AND EQUIPMENT**

As of December 31, 2020 and 2019, the Preserve had approximately 8,000 acres of land, including easements. At December 31, 2020 and 2019, property and equipment is as follows:

|                                | <u>2020</u>          | <u>2019</u>          |
|--------------------------------|----------------------|----------------------|
| Land                           | <u>\$ 6,820,709</u>  | <u>\$ 6,820,709</u>  |
| Buildings                      | 5,314,073            | 5,314,073            |
| Land and building improvements | 6,452,508            | 3,813,887            |
| Computers and equipment        | 531,265              | 536,177              |
| Automobiles and trucks         | 586,853              | 570,723              |
| Exhibits                       | 585,387              | 577,393              |
| Bridges                        | <u>1,221,315</u>     | <u>1,221,315</u>     |
| Total                          | 14,691,401           | 12,033,568           |
| Less Accumulated Depreciation  | <u>5,100,223</u>     | <u>4,834,850</u>     |
| Depreciable Assets, Net        | 9,591,178            | 7,198,718            |
| Construction in progress       | <u>473,309</u>       | <u>2,138,334</u>     |
| Property and Equipment, Net    | <u>10,064,487</u>    | <u>9,337,052</u>     |
| Total                          | <u>\$ 16,885,196</u> | <u>\$ 16,157,761</u> |

Depreciation expense totaled \$379,874 and \$382,104 during the years ended December 31, 2020 and 2019, respectively.

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**7. GIFT ANNUITY PAYABLE**

Gift annuity payable represents the actuarial present value of amounts due under annuity agreements paid over various periods, generally the life of the donor. Present value is based on applicable mortality tables and discount rates. Changes in the gift annuity payable during the years ended December 31, 2020 and 2019 follows:

|                                  | <u>2020</u>      | <u>2019</u>      |
|----------------------------------|------------------|------------------|
| Payable, January 1               | \$ 96,370        | \$ 103,231       |
| Annuity Payments                 | (20,746)         | (20,745)         |
| Increase in Gift Annuity Payable | <u>14,816</u>    | <u>13,884</u>    |
| Payable, December 31             | <u>\$ 90,440</u> | <u>\$ 96,370</u> |

During the years ended December 31, 2020 and 2019, no new charitable gift annuities were received. At the end of a specified time, the remaining assets are available for the Preserve's use. The Preserve 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 Preserve 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.

As of December 31, 2020 and 2019, investments - gift annuity totaled \$318,175 and \$305,381, respectively, and are separately listed on the Statement of Financial Position. The assets are principally invested in equity mutual funds.

**8. DEBT**

Line of credit and mortgage payable are summarized as follows:

Revolving demand note payable to M&T Bank with maximum credit available of \$2,500,000. The loan is payable on demand. The interest rate during the draw period is variable at the one-month LIBOR plus 65 basis points, adjusted daily. The interest rate at December 31, 2020 and 2019 was 1.00% and 2.41%, respectively. There was no balance on this loan as of December 31, 2020 and 2019. The loan is collateralized by investments held in a separate account with a fair market value of \$2,388,825 and \$2,228,184 as of December 31, 2020 and 2019, respectively.

The Preserve borrowed \$1,125,000 from the Marty and Dorothy Silverman Foundation to fund, in part, the purchase of the Preserve's Foothills property. The indebtedness was initially secured with a mortgage in the amount of \$787,500, with the remainder collateralized by a security interest in investments held in a separate account with a fair market value of \$490,348 and \$460,054 at December 31, 2020 and 2019, respectively, and the assignment of certain leases and rents. Repayment of the loan shall be made with simple interest payable quarterly for each outstanding day on the then-unpaid principal amount until the entire loan is repaid at an interest rate equal to 1.5% for the first five years of the loan and 2.0% 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. During July 2020, the Marty and Dorothy Silverman Foundation extended the maturity date of the loan to December 31, 2022. The mortgage payable totaled \$625,000 and \$1,125,000 at December 31, 2020 and 2019, respectively. The mortgage payable was paid off during March 2021.



**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**9. NET ASSETS**

The net assets of the Preserve by class are as follows:

|                                       | <u>2020</u>              | <u>2019</u>              |
|---------------------------------------|--------------------------|--------------------------|
| <b>Without Donor Restrictions</b>     |                          |                          |
| Undesignated                          | \$ 17,098,310            | \$ 16,486,676            |
| Board Designated Endowment            | 3,317,872                | 2,613,573                |
| Board Designated for Capital Campaign | <u>2,165,140</u>         | <u>1,557,595</u>         |
| Total Without Donor Restrictions      | <u>22,581,322</u>        | <u>20,657,844</u>        |
| <b>With Donor Restrictions</b>        |                          |                          |
| Temporary                             |                          |                          |
| Non-Endowment                         | 1,380,211                | 1,489,468                |
| Endowment                             | 1,803,848                | 1,603,941                |
| Permanent                             |                          |                          |
| Endowment                             | <u>3,262,375</u>         | <u>3,237,447</u>         |
| Total With Donor Restrictions         | <u>6,446,434</u>         | <u>6,330,856</u>         |
| <br>Total Net Assets                  | <br><u>\$ 29,027,756</u> | <br><u>\$ 26,988,700</u> |

Board designated endowment is a capital base without restrictions to support long-term stability. Net assets with temporary donor restrictions are available for program services which are disclosed in Note 1. Net assets with permanent donor restrictions are restricted to investment in perpetuity, the income from which is used for program and supporting services. No net assets with permanent donor restrictions were less than their original value at December 31, 2020 and 2019.

**10. ENDOWMENT FUNDS**

The Preserve's endowment includes both funds with donor restrictions and funds designated by the Board of Directors to function as endowments. 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.

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**10. ENDOWMENT FUNDS (CONTINUED)**

The Preserve has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring each person responsible for managing and investing an institutional fund to 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 Preserve 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 Preserve'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 Preserve'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 to rebalance the Preserve's portfolio in order to bring the fund into compliance with NYPMIFA, and to take into consideration the Preserve's other circumstances, including, for example, its distribution requirements and/or general liquidity needs.

Spending Policy

Funds with permanent restrictions are principally invested in exchange traded products. Distributions for operating and programmatic expenses are determined annually by management based upon an approved policy. The distribution policy allows for a calculated draw based on the most recent twenty quarters' average market value of the investments.

Return Objectives and Risk Parameters

Investment objectives focus on generating a return to cover inflation, and preserving and enhancing over time, the purchasing power of investments while minimizing investment risk in the portfolio. Total return, utilizing a balanced portfolio, is the primary goal of the Preserve. Total return is expected to meet industry benchmarks by fund asset class and includes income, plus realized and unrealized gains and losses on fund assets, less investment fees. Risk exposure and returns are regularly evaluated by management.

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**10. ENDOWMENT FUNDS (CONTINUED)**

The composition of endowment net assets and the changes in endowment net assets for the year ended December 31, 2020 were as follows:

|   | <b>Without Donor<br/>Restrictions<br/>Board<br/>Designated</b> | <b>With Donor Restrictions</b> |                     | <b>Total</b>        |
|---|--|--------------------------------|---------------------|---------------------|
|   |  | <b>Temporary</b>               | <b>Permanent</b>    |                     |
|   |  |                                |                     |                     |
| Endowment Funds,<br>January 1, 2020         | \$ 2,613,573   | \$ 1,603,941                   | \$ 3,237,447        | \$ 7,454,961        |
| Contributions                               | 95,000   | -                              | 24,928              | 119,928             |
| Investment Income                           | 134,966  | 33,689                         | -                   | 168,655             |
| Net Appreciation/<br>(Depreciation)         | 736,645  | 270,554                        | -                   | 1,007,199           |
| Released or Transferred<br>for Expenditures | <u>(262,312)</u>   | <u>(104,336)</u>               | <u>-</u>            | <u>(366,648)</u>    |
| Endowment Funds,<br>December 31, 2020       | <u>\$ 3,317,872</u>  | <u>\$ 1,803,848</u>            | <u>\$ 3,262,375</u> | <u>\$ 8,384,095</u> |

The composition of endowment net assets and the changes in endowment net assets for the year ended December 31, 2019 were as follows:

|   | <b>Without Donor<br/>Restrictions<br/>Board<br/>Designated</b> | <b>With Donor Restrictions</b> |                     | <b>Total</b>        |
|---|--|--------------------------------|---------------------|---------------------|
|   |  | <b>Temporary</b>               | <b>Permanent</b>    |                     |
|   |  |                                |                     |                     |
| Endowment Funds,<br>January 1, 2019         | \$ 2,061,551   | \$ 1,368,301                   | \$ 3,150,162        | \$ 6,580,014        |
| Contributions                               | -  | -                              | 87,285              | 87,285              |
| Investment Income                           | 118,372  | 36,584                         | -                   | 154,956             |
| Net Appreciation/<br>(Depreciation)         | 651,438  | 281,684                        | -                   | 933,122             |
| Released or Transferred<br>for Expenditures | <u>(217,788)</u>   | <u>(82,628)</u>                | <u>-</u>            | <u>(300,416)</u>    |
| Endowment Funds,<br>December 31, 2019       | <u>\$ 2,613,573</u>  | <u>\$ 1,603,941</u>            | <u>\$ 3,237,447</u> | <u>\$ 7,454,961</u> |

**11. PENSION PLAN**

The Preserve has a defined contribution plan. The plan covers all employees after attaining age 21, who have worked a minimum of one year of service with the Preserve, who work at least 1,000 hours annually, and who are employed on the last day of the plan year. The plan provides that the Preserve will contribute a percentage of each eligible employee's annual wages. During 2020, the Preserve's contribution percentage ranged from 5% to 7%. The Preserve contributed \$117,616 and \$136,196 on behalf of eligible employees' in 2020 and 2019, respectively.

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**12. RELATED PARTY TRANSACTIONS**

Two members of the Preserve's Board of Directors have ownership interests in Smiley Brothers, Inc., which operates a resort hotel, Mohonk Mountain House, adjoining the Preserve's property. During the years ended December 31, 2020 and 2019, the Preserve incurred expenses to Smiley Brother's Inc. and Mohonk Mountain House for goods and services totaling \$6,805 and \$42,684, respectively. Additionally, the Preserve earned revenue for services provided to Smiley Brothers, Inc. and Mohonk Mountain House totaling \$1,975 and \$3,725, respectively, during the years ended December 31, 2020 and 2019. Accounts payable to Smiley Brothers, Inc. totaled -0- and \$757 at December 31, 2020 and 2019, respectively.

During the year ended December 31, 2003, in order to provide access to their properties, the Preserve entered into three license agreements with Smiley Brothers, Inc. In two of the agreements, the 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 the Preserve's visitors and the public. In the third, the 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.

**13. FAIR VALUE MEASUREMENTS**

The Preserve complies with FASB ASC Topic 820-10, *Fair Value Measurements* (FASB ASC 820-10), which provides a framework for measuring fair value under generally accepted accounting principles. FASB ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis. As defined in FASB ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Preserve uses various methods, assumptions, and inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Preserve utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Based on the observability of inputs used in the valuation techniques, the Preserve ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following categories:

Level 1 Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no changes in the fair value methodologies used at December 31, 2020 and 2019.

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**13. FAIR VALUE MEASUREMENTS (CONTINUED)**

Fair value measurements for assets and liabilities at fair value on a recurring basis at December 31, 2020 and 2019 were determined based on the following:

|                                   | <b>Quoted Prices in Active Markets<br/>for Identical Assets (Level1)</b> |                    |
|-----------------------------------|--|--------------------|
|                                   | <b><u>2020</u></b>   | <b><u>2019</u></b> |
| <b>Investments - Gift Annuity</b> |  |                    |
| Money Market/Cash Funds           | \$ 4,745   | \$ 6,636           |
| Equity Funds                      | 296,083  | 284,759            |
| Other Funds                       | <u>17,347</u>  | <u>13,986</u>      |
|                                   | <u>\$ 318,175</u>  | <u>\$ 305,381</u>  |

|                                 | <b>Quoted Prices in Active Markets<br/>for Identical Assets (Level1)</b> |                     |
|---------------------------------|--|---------------------|
|                                 | <b><u>2020</u></b>   | <b><u>2019</u></b>  |
| <b>Investments</b>              |  |                     |
| Money Market/Cash Funds         | \$ 188,705   | \$ 238,782          |
| Bonds (Asset Backed Securities) | 2,032  | 2,524               |
| Exchange Traded Products:       |  |                     |
| Bond Funds                      | 3,180,929  | 3,132,171           |
| Equity Funds                    | <u>6,421,138</u>   | <u>5,485,484</u>    |
|                                 | <u>\$ 9,792,804</u>  | <u>\$ 8,858,961</u> |

|  | <b>Significant Unobservable<br/>Inputs (Level 3)</b> |                    |
|--|--|--------------------|
|  | <b><u>2020</u></b>                                   | <b><u>2019</u></b> |
| Investments - Beneficial Interest in Trust | <u>\$ 336,735</u>                                    | <u>\$ 328,589</u>  |

The valuation of the beneficial interest in trust falls under level 3, as there are no significant observable inputs. The valuation is based on the Preserve's interest in the fair value of the underlying assets.

|                      | <b><u>2020</u></b> | <b><u>2019</u></b> |
|----------------------|--------------------|--------------------|
| Gift Annuity Payable | <u>\$ 90,440</u>   | <u>\$ 96,370</u>   |

The fair value of the gift annuity payable is determined through level three inputs. The Preserve values the liability based on the present value of expected future annuity payments using a discount rate of 1.5% and 1.9% at December 31, 2020 and 2019, respectively, and applicable mortality tables.

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**14. RISKS AND UNCERTAINTIES**

The Preserve invests in various investment securities that are exposed to different risks such as interest rate, credit and market volatility risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Preserve's account balances and amounts reported on the Statement of Financial Position.

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Preserve and its future results and financial position is not presently determinable.

**15. LIQUIDITY**

As part of the Preserve's liquidity management, it invests cash in excess of daily requirements in short-term investments (cash and cash equivalents, including cash/money market funds held in investment accounts). Occasionally, the Board designates a portion of any operating surplus to its Mohonk Fund. This is an established board-designated fund where the governing board has the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated need, the Preserve could also draw upon \$2,500,000 of an available line of credit (Note 8) in addition to its board designated fund.

The following reflects the Preserve's financial assets as of the statement of financial position date, including amounts not available within one year of the statement of financial position date.

|  | <u>2020</u>         | <u>2019</u>         |
|--|---------------------|---------------------|
| Assets without restriction as of December 31   | \$ 23,813,858       | \$ 22,263,232       |
| Less non-financial assets:   |                     |                     |
| Prepaid expenses and deposits  | 107,233             | 101,788             |
| Property and equipment, net  | 10,064,487          | 9,337,052           |
| Land   | <u>6,820,709</u>    | <u>6,820,709</u>    |
| Financial assets without restriction as of December 31                                 | 6,821,429           | 6,003,683           |
| Less unavailable for general expenditures within one year:                             |                     |                     |
| Board designated for capital campaign  | 2,165,140           | 1,557,595           |
| Beneficial interest in trust   | 336,735             | 328,589             |
| Board designated endowment fund, primarily for long-term investing                     | 3,317,872           | 2,613,573           |
| Investments held as security for debt  | <u>-</u>            | <u>337,500</u>      |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,001,682</u> | <u>\$ 1,166,426</u> |

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**16. PAYCHECK PROTECTION PROGRAM FUNDING**

During 2020, the Preserve applied for and received a Payroll Protection Program (PPP) loan in the amount of \$613,292. The loan was subject to a note dated April 2020. These funds were used by the Preserve in accordance with the rules and regulations of the PPP loan program. The Preserve applied for forgiveness by submitting an application documenting \$613,292 in eligible expenses. The Preserve was notified during December 2020 that their loan forgiveness application had been confirmed by the Small Business Administration and loan forgiveness had been approved. In accordance with the FASB ASC 958-605 government grant model, the Preserve has recognized public support revenue equal to the qualifying PPP expenses incurred.

**17. FUTURE ACCOUNTING STANDARDS**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which was effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Subsequently, in November 2019, the FASB issued ASU 2019-10 extending the effective date to fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. In May 2020, FASB approved a deferral for implementation for non-public not-for-profit organizations to fiscal years beginning after December 15, 2021. The standard requires a change in the way the Preserve will account for its leases, eliminating operating leases and requiring lease obligations to be recorded as a liability on the statement of financial position with a corresponding right to use asset. The Preserve is currently evaluating the impact this standard will have on its financial statements and related disclosures.

**18. SUBSEQUENT EVENTS**

The Preserve applied for and received, during February and March 2021, respectively, a second draw Payroll Protection Program (PPP) loan in the amount of \$593,710. These funds will be used by the Preserve in accordance with the rules and regulations of the PPP loan program. Accordingly, it is anticipated that the PPP loan will be forgiven.

The Preserve's management has evaluated subsequent events through May 7, 2021, the date on which the financial statements were available to be issued, and determined that, except as disclosed above and in Note 8, there were no subsequent events requiring recording or disclosure.