MOHONK PRESERVE, INC.
FINANCIAL REPORT
DECEMBER 31, 2021

MOHONK PRESERVE, INC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mohonk Preserve, Inc.

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mohonk Preserve, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mohonk Preserve, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

An Independent Member of the BDO Alliance USA
11 British American Blvd. Latham, New York 12110-1405 | P: 518-785-0134 | F: 518-785-0299
111 Everts Ave. Queensbury, NY 12804 | P: 518-792-6595 | F: 518-792-6635
www.marvincpa.com

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Mohonk Preserve, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mohonk Preserve, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Mohonk Preserve, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, 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
June 12, 2022

MOHONK PRESERVE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Assets				
Cash	$ 1,056,697	$ 690,289	$ 1,746,986	$ 2,455,948
Accounts Receivable	77,244	-	77,244	9,487
Contributions Receivable	8,800	120,860	129,660	287,897
Accrued Interest Receivable	102	-	102	104
Contracts and Grants Receivable	40,574	-	40,574	136,403
Other Receivable	20,750	-	20,750	20,750
Investments - Beneficial Interest in Trust	390,537	-	390,537	336,735
Investments - Gift Annuity	-	328,478	328,478	318,175
Investments	5,042,348	5,134,896	10,177,244	9,792,804
Prepaid Expenses and Deposits	103,155	-	103,155	107,233
Property and Equipment, Net	10,280,239	-	10,280,239	10,064,487
Land	6,889,717	-	6,889,717	6,820,709
TOTAL ASSETS	$ 23,910,163	$ 6,274,523	$ 30,184,686	$ 30,350,732

LIABILITIES AND NET ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Liabilities				
Accounts Payable	$ 52,889	$ -	$ 52,889	$ 264,547
Gift Annuity Payable	-	90,737	90,737	90,440
Accrued Salaries and Related Items	264,517	-	264,517	290,248
Security Deposits Payable	4,100	-	4,100	4,150
Unearned Revenue	10,501	-	10,501	48,591
Mortgage Payable	-	-	-	625,000
TOTAL LIABILITIES	332,007	90,737	422,744	1,322,976
Net Assets	23,578,156	6,183,786	29,761,942	29,027,756
TOTAL LIABILITIES AND NET ASSETS	$ 23,910,163	$ 6,274,523	$ 30,184,686	$ 30,350,732

See accompanying notes to financial statements.

MOHONK PRESERVE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
Public Support				
Memberships	$ 1,031,414	$ -	$ 1,031,414	$ 1,048,868
Contributions	697,515	297,504	995,019	841,512
Contracts and Grants	140,613	102,000	242,613	890,608
Paycheck Protection Program Funding	593,710	-	593,710	613,292
Special Event Income	498,748	-	498,748	310,102
Bequests	10,000	7,815	17,815	266,945
Total Public Support	2,972,000	407,319	3,379,319	3,971,327
Revenue				
Day Use Fees	722,210	-	722,210	1,077,795
Program Fees	215,446	-	215,446	50,517
Rental Income	58,400	-	58,400	55,450
Gift Shop Sales	63,556	-	63,556	46,100
Other Income	19,028	-	19,028	4,183
Interest and Dividends	135,510	46,003	181,513	157,091
Gain on Sale of Investments	674,785	106,039	780,824	214,623
Unrealized Gain on Investments	46,333	39,039	85,372	1,215,354
Investment Fees	(9,529)	(20,746)	(30,275)	(26,538)
Change in Value of Gift Annuity Payable	-	(21,041)	(21,041)	(14,816)
Gain on Disposal of Property and Equipment	6,345	-	6,345	5,539
Total Revenue	1,932,084	149,294	2,081,378	2,785,298
Net Assets Released from Restrictions	819,261	(819,261)	-	-
Total Public Support and Revenue	5,723,345	(262,648)	5,460,697	6,756,625
Expenses				
Program Services	3,431,114	-	3,431,114	3,361,841
Supporting Services	1,295,397	-	1,295,397	1,355,728
Total Expenses	4,726,511	-	4,726,511	4,717,569
Changes in Net Assets	996,834	(262,648)	734,186	2,039,056
Net Assets, Beginning of Year	22,581,322	6,446,434	29,027,756	26,988,700
Net Assets, End of Year	$ 23,578,156	$ 6,183,786	$ 29,761,942	$ 29,027,756

MOHONK PRESERVE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	PROGRAM SERVICES					SUPPORTING SERVICES				
	Environmental Education	Land Stewardship	Land Protection	Conservation Science	Total	Management & General	Development & Fundraising	Total	Total 2021	Total 2020
Wages	$ 497,981	$ 1,057,162	$ 184,167	$ 215,048	$ 1,954,358	$ 195,725	$ 412,332	$ 608,057	$ 2,562,415	$ 2,598,619
Payroll Taxes	37,250	78,539	13,644	15,806	145,239	13,807	29,457	43,264	188,503	191,966
Payroll Related Insurance	71,017	114,603	35,135	39,664	260,419	50,969	90,349	141,318	401,737	437,553
Pension Expense	16,633	25,405	8,255	9,218	59,511	11,873	21,172	33,045	92,556	117,616
Total Wages and Related Expenses	622,881	1,275,709	241,201	279,736	2,419,527	272,374	553,310	825,684	3,245,211	3,345,754
Contract Services and Consulting	23,928	43,706	14,127	11,342	93,103	7,881	20,075	27,956	121,059	126,120
Legal and Accounting	5,988	12,908	9,987	2,771	31,654	6,065	17,797	23,862	55,516	67,089
Honoraria	4,052	-	-	-	4,052	-	-	-	4,052	500
Occupancy	2,450	36,005	1,265	6,195	45,915	1,660	3,004	4,664	50,579	38,915
Auto and Truck Expense	30	49,743	-	644	50,417	-	8	8	50,425	48,959
Advertising and Promotion	1,960	-	-	-	1,960	-	-	-	1,960	3,514
Printing and Publications	17,974	5,672	36	332	24,014	54	23,492	23,546	47,560	43,105
Exhibit Supplies and Materials	3,728	-	-	-	3,728	-	-	-	3,728	5,207
Insurance	9,304	43,154	5,321	4,975	62,754	5,806	10,505	16,311	79,065	75,264
Maintenance Supplies and Materials	-	73,995	-	-	73,995	-	-	-	73,995	92,836
Program Supplies	3,663	42,499	853	2,448	49,463	427	2,783	3,210	52,673	34,105
Office Supplies and Materials	2,846	7,109	1,345	1,798	13,098	1,975	4,221	6,196	19,294	12,989
Information Technology	22,403	47,429	9,603	11,583	91,018	12,505	26,068	38,573	129,591	131,141
Dues and Subscriptions	612	4,411	9,169	988	15,180	3,186	2,376	5,562	20,742	15,487
Telephone and Internet	3,791	10,874	2,782	4,178	21,625	1,863	3,453	5,316	26,941	25,912
Postage	8,741	517	122	112	9,492	143	7,240	7,383	16,875	19,570
Travel	14,171	8,437	480	793	23,881	204	675	879	24,760	17,071
Special Events	-	-	-	-	-	-	129,114	129,114	129,114	40,026
Meetings and Professional Development	1,342	3,549	1,501	895	7,287	538	674	1,212	8,499	7,876
Board of Director's Expense	-	-	-	-	-	-	-	-	-	202
Contributions	-	2,000	9,500	-	11,500	-	-	-	11,500	11,500
Personnel Recruitment	1,728	2,051	640	1,001	5,420	2,250	-	2,250	7,670	29,647
Interest Expense	-	-	3,118	-	3,118	-	-	-	3,118	23,109
Cost of Sales	-	27,425	-	-	27,425	-	-	-	27,425	21,482
Credit Card Fees	7,475	18,844	3,376	4,601	34,296	5,064	14,100	19,164	53,460	54,364
Bad Debt Expense	-	-	-	-	-	838	-	838	838	-
Miscellaneous Administration Expense	352	1,136	103	116	1,707	4,471	581	5,052	6,759	11,136
Real Estate Taxes	-	-	31,590	-	31,590	-	-	-	31,590	34,815
Total Expenses Before Depreciation	759,419	1,717,173	346,119	334,508	3,157,219	327,304	819,476	1,146,780	4,303,999	4,337,695
Depreciation	66,395	128,832	36,953	41,715	273,895	53,585	95,032	148,617	422,512	379,874
Total Expenses	$ 825,814	$ 1,846,005	$ 383,072	$ 376,223	$ 3,431,114	$ 380,889	$ 914,508	$ 1,295,397	$ 4,726,511	$ 4,717,569

MOHONK PRESERVE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
Cash Flows From Operating Activities		
Change in Net Assets	$ 734,186	$ 2,039,056
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	422,512	379,874
Contributed Property, Equipment and Land	(55,000)	-
(Gain) on Disposal of Property and Equipment	(6,345)	(5,539)
(Gain) on Sale of Investments	(780,824)	(214,623)
Unrealized (Gain) Loss on Investments	(85,372)	(1,215,354)
Change in Value of Gift Annuity Payable	21,041	14,816
Contributions Restricted for Investment in Endowments	(115,804)	(24,928)
Changes in operating assets and liabilities:		
Accounts Receivable	(67,757)	34,183
Contributions Receivable	158,237	219,291
Accrued Interest Receivable	2	127
Contracts and Grants Receivable	95,829	(93,063)
Other Receivable	-	(10,750)
Prepaid Expenses and Deposits	4,078	(5,445)
Accounts Payable	(211,658)	52,533
Accrued Salaries and Related Items	(25,731)	38,224
Security Deposits Payable	(50)	800
Unearned Revenue	(38,090)	35,591
Net Cash Provided By Operating Activities	49,254	1,244,793
Cash Flows From Investing Activities		
Proceeds from Sale of Investments	5,260,628	627,645
Purchases of Investments	(4,842,977)	(152,451)
Purchases of Property and Equipment	(654,927)	(1,148,770)
Proceeds from Sale of Property and Equipment	9,000	47,000
Net Cash (Used For) Provided By Investing Activities	(228,276)	(626,576)
Cash Flows From Financing Activities		
Contributions Restricted for Investment in Endowments	115,804	24,928
Payments of Annuities	(20,744)	(20,746)
Payments on Mortgages Payable	(625,000)	(500,000)
Net Cash (Used For) Financing Activities	(529,940)	(495,818)
Net Increase (Decrease) in Cash	(708,962)	122,399
Cash, Beginning of Year	2,455,948	2,333,549
Cash, End of Year	$ 1,746,986	$ 2,455,948
Supplemental Disclosures		
Donated Securities Immediately Sold	$ 26,828	$ 21,539
Interest Paid	$ 3,118	$ 23,109
Non-Cash Transactions		
Receipt of Contributed Property, Equipment and Land	$ 55,000	$ -

See accompanying notes to financial statements.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 $243,287 and $184,050 during the years ended December 31, 2021 and 2020, 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.

Special event net income is generally recognized in the year in which the event is conducted.

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 $1,424,494 and $2,071,829 at December 31, 2021 and 2020, respectively. The Preserve does not believe that this results in significant credit risk.

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, 2021 and 2020, 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 a bridge replacement totaling $181,500 at December 31, 2021.

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, 2021 and 2020.

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.

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, 2021 and 2020.

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.

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, 2020, from which the summarized information was derived.

3. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give at December 31, 2021 and 2020 are as follows:

	2021	2020
Capital Campaign	$ 122,383	$ 288,933
Annual Fund Contribution	8,800	-
	131,183	288,933
Discounted amount	(1,523)	(1,036)
Total	$ 129,660	$ 287,897

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, 2021 and 2020, the interest rate was 1.26% and 0.36%, respectively. Contributions receivable to be collected at December 31, 2021 and 2020, are as follows:

	2021	2020
Less than one year	$ 116,183	$ 159,550
One to three years	15,000	129,383
	131,183	288,933
Discounted amount	(1,523)	(1,036)
Total	$ 129,660	$ 287,897

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, 2021 and 2020:

	2021	2020
Balance as of January 1	$ 336,735	$ 328,589
Realized and Unrealized Gains (Losses)	39,690	13,789
Interest, Dividends and Capital Gain Distributions	18,099	8,264
Grant Expense	-	(10,425)
Management Fee Expense	(3,987)	(3,482)
Balance as of December 31	$ 390,537	$ 336,735

5. INVESTMENTS

Investments consisted of the following at December 31, 2021 and 2020:

	2021	2020
Money Market/Cash Funds	$ 188,906	$ 188,705
Bonds (Asset Backed Securities)	1,545	2,032
Exchange Traded Products:		
Bond Funds	780,295	3,180,929
Equity Funds	9,206,498	6,421,138
Total Investments	$ 10,177,244	$ 9,792,804

Investment income consisted of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Interest and dividends	$ 181,513	$ 157,091
Realized and unrealized gain (loss)	866,196	1,429,977
Total Investment Income	$ 1,047,709	$ 1,587,068

6. PROPERTY AND EQUIPMENT

As of December 31, 2021 and 2020, the Preserve had approximately 8,000 acres of land, including easements. At December 31, 2021 and 2020, property and equipment is as follows:

	2021	2020
Land	$ 6,889,717	$ 6,820,709
Buildings	5,314,073	5,314,073
Land and building improvements	7,086,680	6,452,508
Computers and equipment	549,873	531,265
Automobiles and trucks	617,803	586,853
Exhibits	585,387	585,387
Bridges	1,592,192	1,221,315
Total	15,746,008	14,691,401
Less Accumulated Depreciation	5,465,769	5,100,223
Depreciable Assets, Net	10,280,239	9,591,178
Construction in progress	-	473,309
Property and Equipment, Net	10,280,239	10,064,487
Total	$ 17,169,956	$ 16,885,196

Depreciation expense totaled $422,512 and $379,874 during the years ended December 31, 2021 and 2020, respectively.

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, 2021 and 2020 follows:

	2021	2020
Payable, January 1	$ 90,440	$ 96,370
Annuity Payments	(20,744)	(20,746)
Increase in Gift Annuity Payable	21,041	14,816
Payable, December 31	$ 90,737	$ 90,440

During the years ended December 31, 2021 and 2020, 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.

7. GIFT ANNUITY PAYABLE (CONTINUED)

As of December 31, 2021 and 2020, investments - gift annuity totaled $328,478 and $318,175, respectively, and are separately listed on the Statement of Financial Position. The assets are principally invested in mutual funds and equity securities.

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, 2021 and 2020 was 3.15% and 1.00%, respectively. There was no balance on this loan as of December 31, 2021 and 2020. The loan is collateralized by investments held in a separate account with a fair market value of $2,344,193 and $2,388,825 as of December 31, 2021 and 2020, respectively.

The Preserve entered into an agreement during July 2021 with M&T Bank to provide financing up to $300,000 for the acquisition of vehicles, equipment and capital needs of the Preserve. The financing has a maximum five-year term and amortization per draw. The interest rate is equal to the Daily Simple Secured Overnight Financing Rate (SOFR) plus 311bps, with a SOFR index floor of 0%. Monthly payments of principal and interest are required. The financing is collateralized by a first security interest in the specific assets acquired as well as a UCC filing on all business assets. There was no balance on this agreement as of December 31, 2021.

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, and the assignment of certain leases and rents. Repayment of the loan was to be made with simple interest payable quarterly for each outstanding day on the then-unpaid principal amount until the entire loan was 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 was 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 was paid in full during March 2021. The mortgage payable totaled $-0- and $625,000 at December 31, 2021 and 2020, respectively.

9. NET ASSETS

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

	2021	2020
Without Donor Restrictions		
Undesignated	$ 19,574,932	$ 17,098,310
Board Designated Endowment	4,003,224	3,317,872
Board Designated for Capital Campaign	-	2,165,140
Total Without Donor Restrictions	23,578,156	22,581,322
With Donor Restrictions		
Temporary		
Non-Endowment	974,534	1,380,211
Endowment	1,831,073	1,803,848
Permanent		
Endowment	3,378,179	3,262,375
Total With Donor Restrictions	6,183,786	6,446,434
Total Net Assets	$ 29,761,942	$ 29,027,756

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, 2021 and 2020.

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.

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.

10. ENDOWMENT FUNDS (CONTINUED)

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.

The composition of endowment net assets and the changes in endowment net assets for the year ended December 31, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions		
	Board Designated	Temporary	Permanent	Total
Endowment Funds, January 1, 2021	$ 3,317,872	$ 1,803,848	$ 3,262,375	$ 8,384,095
Contributions	-	500	115,804	116,304
Investment Income	91,098	20,531	-	111,629
Net Appreciation/ (Depreciation)	852,612	109,848	-	962,460
Released or Transferred for Expenditures	(258,358)	(103,654)	-	(362,012)
Endowment Funds, December 31, 2021	$ 4,003,224	$ 1,831,073	$ 3,378,179	$ 9,212,476

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:

	Without Donor Restrictions	With Donor Restrictions		
	Board Designated	Temporary	Permanent	Total
Endowment Funds, 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/ (Depreciation)	736,645	270,554	-	1,007,199
Released or Transferred for Expenditures	(262,312)	(104,336)	-	(366,648)
Endowment Funds, December 31, 2020	$ 3,317,872	$ 1,803,848	$ 3,262,375	$ 8,384,095

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 2021 and 2020, the Preserve's contribution percentage ranged from 5% to 7%. The Preserve contributed $92,556 and $117,616 on behalf of eligible employees in 2021 and 2020, respectively.

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, 2021 and 2020, the Preserve incurred expenses to Smiley Brother's Inc. and Mohonk Mountain House for goods and services totaling $612 and $6,805, respectively. Additionally, the Preserve earned revenue for services provided to Smiley Brothers, Inc. and Mohonk Mountain House totaling $5,725 and $1,975, respectively, during the years ended December 31, 2021 and 2020. Accounts payable to Smiley Brothers, Inc. totaled $-0- at December 31, 2021 and 2020.

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, 2021 and 2020.

Fair value measurements for assets and liabilities at fair value on a recurring basis at December 31, 2021 and 2020 were determined based on the following:

	Quoted Prices in Active Markets for Identical Assets (Level1)	
	2021	2020
Investments - Gift Annuity		
Money Market/Cash Funds	$ 15,178	$ 4,745
Mutual Funds and Equity Securities	288,791	296,083
Other	24,509	17,347
	$ 328,478	$ 318,175

13. FAIR VALUE MEASUREMENTS (CONTINUED)

	Quoted Prices in Active Markets for Identical Assets (Level1)	
	2021	**2020**
Investments		
Money Market/Cash Funds	$ 188,906	$ 188,705
Bonds (Asset Backed Securities)	1,545	2,032
Exchange Traded Products:		
Bond Funds	780,295	3,180,929
Equity Funds	9,206,498	6,421,138
	$ 10,177,244	$ 9,792,804

	Significant Unobservable Inputs (Level 3)	
	2021	**2020**
Investments - Beneficial Interest in Trust	$ 390,537	$ 336,735

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.

	2021	**2020**
Gift Annuity Payable	$ 90,737	$ 90,440

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 1.41% and 1.5% at December 31, 2021 and 2020, respectively, and applicable mortality tables.

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.

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.

	2021	2020
Assets without restriction as of December 31	$ 23,910,163	$ 23,813,858
Less non-financial assets:		
Prepaid expenses and deposits	103,155	107,233
Property and equipment, net	10,280,239	10,064,487
Land	6,889,717	6,820,709
Financial assets without restriction as of December 31	6,637,052	6,821,429
Less unavailable for general expenditures within one year:		
Board designated for capital campaign	-	2,165,140
Beneficial interest in trust	390,537	336,735
Board designated endowment fund, primarily for long-term investing	4,003,224	3,317,872
Financial assets available to meet cash needs for general expenditures within one year	$ 2,243,291	$ 1,001,682

16. PAYCHECK PROTECTION PROGRAM FUNDING

During 2021 and 2020, the Preserve applied for and received a Paycheck Protection Program (PPP) loan in the amount of $593,710 and $613,292, respectively. The loans were subject to notes dated February 2021 and April 2020, respectively. 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 applications documenting $593,710 and $613,292 in eligible expenses, respectively. The Preserve was notified during December 2021 and December 2020, respectively, 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 June 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 standard also requires the Preserve, as lessor, to disaggregate its property and equipment that is leased to customers from other property and equipment on its statement of financial position. The standard also requires the desegregation of the Preserve's rental revenue on its statement of activities. The Preserve is currently evaluating the impact this standard will have on its financial statements and related disclosures.

18. SUBSEQUENT EVENTS

The Preserve's management has evaluated subsequent events through June 12, 2022, the date on which the financial statements were available to be issued, and determined that there were no subsequent events requiring recording or disclosure.