

**MOHONK PRESERVE, INC.**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2022**

## **MOHONK PRESERVE, INC**

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BUSINESS  
ADVISORS  
AND CPAS

## 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, 2022, 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, 2022, 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.

### *Change in Accounting Principle*

As discussed in Note 2 to the financial statements, in 2022, Mohonk Preserve, Inc. adopted new accounting guidance Financial Accounting Standards Board's Accounting Standards Update 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

### *Report on Summarized Comparative Information and Correction of an Error*

The financial statements of Mohonk Preserve, Inc. for the year ended December 31, 2021, prior to the restatement described in Note 9, were audited by Marvin and Company, P.C., who merged with Mengel, Metzger, Barr & Co. LLP as of January 1, 2023, and who expressed an unmodified audit opinion on those audited financial statements in their report dated June 12, 2022. As part of our audit of the December 31, 2022 financial statements, we also audited the adjustment described in Note 9 that was applied to restate the individual net asset classifications only in the 2021 financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, other than related to the adjustment described in Note 9, which is appropriate and has been properly applied, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *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 (GAAS), 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.

If in performing an audit in accordance with GAAS, 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.

*Mengel, Metzger, Barw & Co. LLP*

Latham, New York  
July 19, 2023

**MOHONK PRESERVE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**

**ASSETS**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2022</b>	<b>Total 2021</b>
<b>Assets</b>				
Cash	\$ 1,752,644	\$ 822,107	\$ 2,574,751	\$ 1,746,986
Accounts Receivable	30,667	-	30,667	77,244
Contributions Receivable	4,000	46,158	50,158	129,660
Accrued Interest Receivable	102	-	102	102
Contracts and Grants Receivable	155,150	51,717	206,867	40,574
Other Receivable	20,750	-	20,750	20,750
Investments - Beneficial Interest in Trust	-	-	-	390,537
Investments - Gift Annuity	-	255,529	255,529	328,478
Investments	3,051,528	5,231,896	8,283,424	10,177,244
Prepaid Expenses and Deposits	103,435	-	103,435	103,155
Right-of-Use Assets - Operating Leases	1,601	-	1,601	-
Property and Equipment, Net	10,032,825	-	10,032,825	10,280,239
Land	7,036,395	-	7,036,395	6,889,717
<b>TOTAL ASSETS</b>	<b>\$ 22,189,097</b>	<b>\$ 6,407,407</b>	<b>\$ 28,596,504</b>	<b>\$ 30,184,686</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>				
Accounts Payable	\$ 56,193	\$ -	\$ 56,193	\$ 52,889
Gift Annuity Payable	-	51,554	51,554	90,737
Notes Payable	58,326	-	58,326	-
Accrued Salaries and Related Items	270,126	-	270,126	264,517
Security Deposits Payable	4,100	-	4,100	4,100
Unearned Revenue	26,356	-	26,356	10,501
Lease Liability - Operating Leases	1,601	-	1,601	-
<b>TOTAL LIABILITIES</b>	<b>416,702</b>	<b>51,554</b>	<b>468,256</b>	<b>422,744</b>
<b>Net Assets</b>	<b>21,772,395</b>	<b>6,355,853</b>	<b>28,128,248</b>	<b>29,761,942</b>
<b>TOTAL LIABILITIES AND ASSETS</b>	<b>\$ 22,189,097</b>	<b>\$ 6,407,407</b>	<b>\$ 28,596,504</b>	<b>\$ 30,184,686</b>

**MOHONK PRESERVE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
<b>Public Support</b>				
Memberships	\$ 1,053,142	\$ -	\$ 1,053,142	\$ 1,031,414
Contributions	610,866	530,788	1,141,654	995,019
Contracts and Grants	734,684	237,217	971,901	242,613
Paycheck Protection Program Funding	-	-	-	593,710
Special Event Income	721,036	-	721,036	498,748
Bequests	20,283	-	20,283	17,815
Total Public Support	<u>3,140,011</u>	<u>768,005</u>	<u>3,908,016</u>	<u>3,379,319</u>
<b>Revenue</b>				
Day Use Fees	688,370	-	688,370	722,210
Program Fees	490,185	-	490,185	215,446
Rental Income	74,760	-	74,760	58,400
Gift Shop Sales	64,274	-	64,274	63,556
Other Income	1,778	-	1,778	19,028
Interest and Dividends	133,913	47,623	181,536	181,513
Gain on Sale of Investments	97,187	44,294	141,481	780,824
Unrealized Gain (Loss) on Investments	(1,648,660)	(586,295)	(2,234,955)	85,372
Investment Fees	(8,436)	(28,026)	(36,462)	(30,275)
Change in Value of Gift Annuity Payable	-	18,437	18,437	(21,041)
Gain on Disposal of Property and Equipment	9,836	-	9,836	6,345
Total Revenue	<u>(96,793)</u>	<u>(503,967)</u>	<u>(600,760)</u>	<u>2,081,378</u>
<b>Net Assets Released from Restrictions</b>	<u>628,944</u>	<u>(628,944)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>3,672,162</u>	<u>(364,906)</u>	<u>3,307,256</u>	<u>5,460,697</u>
<b>Expenses</b>				
Program Services	3,700,669	-	3,700,669	3,431,114
Supporting Services	1,240,281	-	1,240,281	1,295,397
Total Expenses	<u>4,940,950</u>	<u>-</u>	<u>4,940,950</u>	<u>4,726,511</u>
<b>Changes in Net Assets</b>	(1,268,788)	(364,906)	(1,633,694)	734,186
Net Assets, Beginning of Year, as previously stated	23,578,156	6,183,786	29,761,942	29,027,756
Prior year restatement	(536,973)	536,973	-	-
Net Assets, Beginning of Year, as restated	<u>23,041,183</u>	<u>6,720,759</u>	<u>29,761,942</u>	<u>29,027,756</u>
<b>Net Assets, End of Year</b>	<u>\$ 21,772,395</u>	<u>\$ 6,355,853</u>	<u>\$ 28,128,248</u>	<u>\$ 29,761,942</u>

See accompanying notes to financial statements.

**MOHONK PRESERVE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**

	PROGRAM SERVICES					SUPPORTING SERVICES				
	Environmental Education	Land Stewardship	Land Protection	Conservation Science	Total	Management & General	Development & Fundraising	Total	Total 2022	Total 2021
Wages	\$ 537,375	\$ 1,041,258	\$ 153,018	\$ 281,483	\$ 2,013,134	\$ 179,484	\$ 308,953	\$ 488,437	\$ 2,501,571	\$ 2,562,415
Payroll Taxes	39,796	77,246	11,025	21,054	149,121	12,530	22,704	35,234	184,355	188,503
Payroll Related Insurance	73,069	132,669	32,712	33,380	271,830	40,423	104,916	145,339	417,169	401,737
Pension Expense	15,090	25,150	6,707	6,707	53,654	8,383	21,797	30,180	83,834	92,556
Total Wages and Related Expenses	665,330	1,276,323	203,462	342,624	2,487,739	240,820	458,370	699,190	3,186,929	3,245,211
Contract Services and Consulting	30,704	59,090	25,240	19,227	134,261	4,337	28,214	32,551	166,812	121,059
Legal and Accounting	8,224	16,829	6,529	2,568	34,150	3,892	19,428	23,320	57,470	55,516
Honoraria	4,649	-	-	-	4,649	-	-	-	4,649	4,052
Occupancy	-	68,576	-	-	68,576	-	-	-	68,576	50,579
Auto and Truck Expense	210	70,448	-	-	70,658	-	-	-	70,658	50,425
Advertising and Promotion	3,647	-	-	-	3,647	-	-	-	3,647	1,960
Printing and Publications	25,620	5,275	-	80	30,975	-	11,640	11,640	42,615	47,560
Exhibit Supplies and Materials	1,231	-	-	-	1,231	-	-	-	1,231	3,728
Insurance	9,156	48,770	5,752	4,883	68,561	4,883	13,554	18,437	86,998	79,065
Maintenance Supplies and Materials	-	161,964	-	-	161,964	-	-	-	161,964	73,995
Program Supplies	6,658	32,403	308	4,835	44,204	1,929	3,156	5,085	49,289	52,673
Office Supplies and Materials	1,603	5,674	827	1,250	9,354	1,180	2,776	3,956	13,310	19,294
Information Technology	16,890	47,576	8,512	10,013	82,991	8,343	26,944	35,287	118,278	129,591
Dues and Subscriptions	800	7,486	8,679	1,049	18,014	878	6,192	7,070	25,084	20,742
Telephone and Internet	3,325	16,305	2,830	3,668	26,128	1,241	3,278	4,519	30,647	26,941
Postage	8,960	622	147	102	9,831	696	8,303	8,999	18,830	16,875
Travel	21,397	5,321	2,757	3,386	32,861	-	31	31	32,892	24,760
Special Events	-	-	-	-	-	-	194,194	194,194	194,194	129,114
Meetings and Professional Development	1,643	2,907	1,642	2,035	8,227	418	454	872	9,099	8,499
Board of Director's Expense	-	-	-	-	-	717	-	717	717	-
Contributions	-	2,000	10,000	-	12,000	-	-	-	12,000	11,500
Personnel Recruitment	4,335	3,848	604	2,034	10,821	361	1,377	1,738	12,559	7,670
Interest Expense	-	2,686	-	-	2,686	-	-	-	2,686	3,118
Cost of Sales	-	28,740	-	-	28,740	-	-	-	28,740	27,425
Credit Card Fees	4,216	22,877	1,967	2,503	31,563	2,248	21,117	23,365	54,928	53,460
Bad Debt Expense	-	-	-	-	-	484	-	484	484	838
Miscellaneous Administration Expense	187	934	84	87	1,292	12,343	222	12,565	13,857	6,759
Real Estate Taxes	-	-	29,782	-	29,782	-	-	-	29,782	31,590
Total Expenses Before Depreciation	818,785	1,886,654	309,122	400,344	3,414,905	284,770	799,250	1,084,020	4,498,925	4,303,999
Depreciation	78,336	137,114	34,952	35,362	285,764	43,383	112,878	156,261	442,025	422,512
<b>Total Expenses</b>	<u>\$ 897,121</u>	<u>\$ 2,023,768</u>	<u>\$ 344,074</u>	<u>\$ 435,706</u>	<u>\$ 3,700,669</u>	<u>\$ 328,153</u>	<u>\$ 912,128</u>	<u>\$ 1,240,281</u>	<u>\$ 4,940,950</u>	<u>\$ 4,726,511</u>

See accompanying notes to financial statements.

**MOHONK PRESERVE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(WITH COMPARATIVE TOTALS FOR 2021)**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ (1,633,694)	\$ 734,186
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	442,025	422,512
Contributed Property, Equipment and Land	-	(55,000)
Bad Debt Expense	484	838
(Gain) on Disposal of Property and Equipment	(9,836)	(6,345)
(Gain) on Sale of Investments	(141,481)	(780,824)
Unrealized (Gain) Loss on Investments	2,234,955	(85,372)
Change in Value of Gift Annuity Payable	(18,437)	21,041
Contributions Restricted for Investment in Endowments	(369,763)	(115,804)
Changes in operating assets and liabilities:		
Accounts Receivable	46,093	(68,595)
Contributions Receivable	79,502	158,237
Accrued Interest Receivable	-	2
Contracts and Grants Receivable	(166,293)	95,829
Prepaid Expenses and Deposits	(280)	4,078
Accounts Payable	3,304	(211,658)
Accrued Salaries and Related Items	5,609	(25,731)
Security Deposits Payable	-	(50)
Unearned Revenue	15,855	(38,090)
Net Cash Provided By Operating Activities	<u>488,043</u>	<u>49,254</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from Sale of Investments	566,495	5,260,628
Purchases of Investments	(302,663)	(4,842,977)
Purchases of Property and Equipment, and Land	(341,453)	(654,927)
Proceeds from Sale of Property and Equipment	10,000	9,000
Net Cash Used For Investing Activities	<u>(67,621)</u>	<u>(228,276)</u>
<b>Cash Flows From Financing Activities</b>		
Contributions Restricted for Investment in Endowments	369,763	115,804
Payments of Annuities	(20,746)	(20,744)
Proceeds from Vehicle Line-of-Credit	80,759	-
Payments on Vehicle Line-of-Credit	(22,433)	-
Payments on Mortgages Payable	-	(625,000)
Net Cash Provided by (Used For) Financing Activities	<u>407,343</u>	<u>(529,940)</u>
<b>Net Increase (Decrease) in Cash</b>	827,765	(708,962)
Cash, Beginning of Year	<u>1,746,986</u>	<u>2,455,948</u>
<b>Cash, End of Year</b>	<u><u>\$ 2,574,751</u></u>	<u><u>\$ 1,746,986</u></u>
<b>Supplemental Disclosures</b>		
Donated Securities Immediately Sold	<u>\$ 30,754</u>	<u>\$ 26,828</u>
Interest Paid	<u>\$ 2,686</u>	<u>\$ 3,118</u>
<b>Non-Cash Transactions</b>		
Receipt of Contributed Property, Equipment and Land	<u>\$ -</u>	<u>\$ 55,000</u>

See accompanying notes to financial statements.



**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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.

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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 in the Preserve 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. Preserve membership levels, totaling \$195,464 and \$243,287 during the years ended December 31, 2022 and 2021, respectively, are included in contributions on the Statement of Activities.

Revenue from contracts and grants 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 \$2,342,524 and \$1,424,494 at December 31, 2022 and 2021, respectively. The Preserve does not believe that this results in significant credit risk.

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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, 2022 and 2021, management determined that all outstanding receivables were collectible. There is no provision for doubtful accounts in the accompanying financial statements.

***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, 2022 and 2021.

***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. The beneficial interest in trust account was closed during 2022.

***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.

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.

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

***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 and Land***

Property and equipment and Land that is purchased is recorded at cost. Donated property and equipment and land is recorded at fair value at the date of donation. Property and equipment and land 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 and land 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, 2022 and 2021.

***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.

***Advertising and Promotion Expenses***

Advertising and promotion expenses are recognized when incurred.

**MOHONK PRESERVE, INC.**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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, 2021, from which the summarized information was derived.

***Adoption of New Accounting Standard***

On January 1, 2022, the Preserve adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, with the purpose of increasing transparency and comparability among organizations by requiring the recognition of right-of-use assets and lease liabilities for all long-term leases, including operating leases, in the Statement of Financial Position. The preserve has elected the optional transition method and adopted the new guidance on a modified retrospective basis with no restatement of prior periods presented. As allowed under the ASU, the Preserve elected to apply practical expedients to carry forward the original lease determinations, lease classifications, and accounting of initial direct costs, if any, for all asset classes at the time of adoption (see Note 17).

***Future Accounting Standards***

In June 2016 the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which requires entities to use a new impairment model referred to as the current expected credit losses (CECL) model rather than incurred losses. The new standard affects accounting for loans, accounts (trade) receivable, held-to-maturity debt securities, and other financial assets included in the scope. For non-public entities, the new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Preserve's management is currently evaluating the provisions of this standard to determine the impact the new standard will have on its financial position and/or results of operations.

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**3. CONTRIBUTIONS RECEIVABLE**

Unconditional promises to give at December 31, 2022 and 2021 are as follows:

	<u><b>2022</b></u>	<u><b>2021</b></u>
Capital Campaign	\$ 48,000	\$ 122,383
Annual Fund Contribution	4,000	8,800
	<u>52,000</u>	<u>131,183</u>
Discounted amount	(1,842)	(1,523)
Total	<u><u>\$ 50,158</u></u>	<u><u>\$ 129,660</u></u>

The interest rate used for the discounted amount is based on a 5-year treasury rate effective as of the end of the year. At December 31, 2022 and 2021, the interest rate was 3.99% and 1.26%, respectively. Contributions receivable to be collected at December 31, 2022 and 2021, are as follows:

	<u><b>2022</b></u>	<u><b>2021</b></u>
Less than one year	\$ 52,000	\$ 116,183
One to three years	-	15,000
	<u>52,000</u>	<u>131,183</u>
Discounted amount	(1,842)	(1,523)
Total	<u><u>\$ 50,158</u></u>	<u><u>\$ 129,660</u></u>

**4. BENEFICIAL INTEREST IN TRUST**

Prior to the year ended December 31, 2022, the Preserve's assets at the Community Foundations of the Hudson Valley (Foundation) were held in an endowment pool. The Foundation invested the endowment pool assets in a portfolio consisting principally of domestic and international equity funds, and fixed income investments. This account was closed during 2022. The following table provides a summary of changes in fair value for the years ended December 31, 2022 and 2021:

	<u><b>2022</b></u>	<u><b>2021</b></u>
Balance as of January 1	\$ 390,537	\$ 336,735
Realized and Unrealized Gains (Losses)	(64,880)	39,690
Interest, Dividends and Capital Gain Distributions	6,258	18,099
Grant Expense	(327,613)	-
Management Fee Expense	<u>(4,302)</u>	<u>(3,987)</u>
Balance as of December 31	<u><u>\$ -</u></u>	<u><u>\$ 390,537</u></u>

**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**5. INVESTMENTS**

Investments consisted of the following at December 31, 2022 and 2021:

	<u><b>2022</b></u>	<u><b>2021</b></u>
Money Market/Cash Funds	\$ 274,691	\$ 188,906
Bonds (Asset Backed Securities)	1,157	1,545
Exchange Traded Products:		
Bond Funds	615,070	780,295
Equity Funds	7,392,506	9,206,498
Total Investments	<u>\$ 8,283,424</u>	<u>\$ 10,177,244</u>

Investment income consisted of the following for the years ended December 31, 2022 and 2021:

	<u><b>2022</b></u>	<u><b>2021</b></u>
Interest and dividends	\$ 181,536	\$ 181,513
Realized and unrealized gain (loss)	(2,093,474)	866,196
Total Investment Income	<u>\$ (1,911,938)</u>	<u>\$ 1,047,709</u>

**6. PROPERTY AND EQUIPMENT AND LAND**

As of December 31, 2022 and 2021, the Preserve had approximately 8,000 acres of land, including easements. At December 31, 2022 and 2021, property and equipment and land is as follows:

	<u><b>2022</b></u>	<u><b>2021</b></u>
Land	\$ 7,036,395	\$ 6,889,717
Buildings	5,314,073	5,314,073
Land and building improvements	7,153,775	7,086,680
Computers and equipment	622,704	549,873
Automobiles and trucks	626,173	617,803
Exhibits	585,387	585,387
Bridges	1,592,192	1,592,192
Total	15,894,304	15,746,008
Less Accumulated Depreciation	5,907,794	5,465,769
Depreciable Assets, Net	9,986,510	10,280,239
Construction in progress	46,315	-
Property and Equipment, Net	<u>10,032,825</u>	<u>10,280,239</u>
Total	<u>\$ 17,069,220</u>	<u>\$ 17,169,956</u>

Depreciation expense totaled \$442,025 and \$422,512 during the years ended December 31, 2022 and 2021, respectively.

**MOHONK PRESERVE, INC.**  
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**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, 2022 and 2021 follows:

	<u>2022</u>	<u>2021</u>
Payable, January 1	\$ 90,737	\$ 90,440
Annuity Payments	(20,746)	(20,744)
Increase (Decrease) in Value of Gift Annuity Payable	<u>(18,437)</u>	<u>21,041</u>
Payable, December 31	<u>\$ 51,554</u>	<u>\$ 90,737</u>

During the years ended December 31, 2022 and 2021, 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, 2022 and 2021, investments - gift annuity totaled \$255,529 and \$328,478, respectively, and are separately listed on the Statement of Financial Position. The assets are principally invested in mutual funds and equity securities.

**8. DEBT**

Lines-of-credit 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, 2022 and 2021 was 3.15% and 1.00%, respectively. There was no balance on this loan as of December 31, 2022 and 2021. The loan is collateralized by investments held in a separate account with a fair market value of \$2,053,196 and \$2,344,193 as of December 31, 2022 and 2021, respectively.

Revolving demand note payable to 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. The balance outstanding at December 31, 2022 and 2021 was \$58,326 and \$-0-, respectively.



**MOHONK PRESERVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**9. NET ASSETS**

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

	<u><b>2022</b></u>	<u><b>Restated 2021</b></u>
<b>Without Donor Restrictions</b>		
Undesignated	\$ 19,614,841	\$ 19,037,959
Board Designated Endowment	2,157,554	4,003,224
Total Without Donor Restrictions	<u>21,772,395</u>	<u>23,041,183</u>
<b>With Donor Restrictions</b>		
Temporary		
Non-Endowment	288,254	988,656
Endowment	2,307,157	2,353,924
Permanent		
Endowment	<u>3,760,442</u>	<u>3,378,179</u>
Total With Donor Restrictions	<u>6,355,853</u>	<u>6,720,759</u>
 Total Net Assets	 <u><u>\$ 28,128,248</u></u>	 <u><u>\$ 29,761,942</u></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, 2022 and 2021.

Prior Year Restatement: During the year ended December 31, 2022, management of the Preserve determined that the 2021 undesignated net assets were overstated by \$536,973 and with donor restricted net assets – temporary-non-endowment were understated by \$14,122 and with donor restricted net assets – temporary-endowment were understated by \$522,851. The 2021 individual classifications of net assets in the table above have been updated to reflect this restatement. The restatement had no impact on total net assets as of December 31, 2021 or the total change in net assets for the year then ended.

**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

**MOHONK PRESERVE, INC.**  
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**10. ENDOWMENT FUNDS (CONTINUED)**

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.**  
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**10. ENDOWMENT FUNDS (CONTINUED)**

The composition of endowment net assets and the changes in endowment net assets for the year ended December 31, 2022 were as follows:

	<b>Without Donor Restrictions Board Designated</b>	<b>With Donor Restrictions Temporary</b>	<b>Permanent</b>	<b>Total</b>
Endowment Funds, January 1, 2022	\$ 4,003,224	\$ 2,353,924	\$ 3,378,179	\$ 9,735,327
Contributions	-	(500)	374,763	374,263
Investment Income	103,106	13,354	-	116,460
Net Depreciation	(1,258,601)	(403,273)	-	(1,661,874)
Released or Transferred for Expenditures	(690,175)	343,652	7,500	(339,023)
Endowment Funds, December 31, 2022	<u>\$ 2,157,554</u>	<u>\$ 2,307,157</u>	<u>\$ 3,760,442</u>	<u>\$ 8,225,153</u>

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

	<b>Without Donor Restrictions Board Designated</b>	<b>With Donor Restrictions Temporary</b>	<b>Permanent</b>	<b>Total</b>
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	852,612	109,848	-	962,460
Released or Transferred for Expenditures	(258,358)	(103,654)	-	(362,012)
Restatement (see Note9)	-	522,851	-	522,851
Endowment Funds, December 31, 2021	<u>\$ 4,003,224</u>	<u>\$ 2,353,924</u>	<u>\$ 3,378,179</u>	<u>\$ 9,735,327</u>

**MOHONK PRESERVE, INC.**  
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**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 2022 and 2021, the Preserve's contribution percentage ranged from 5% to 7%. The Preserve contributed \$83,834 and \$92,556 on behalf of eligible employees in 2022 and 2021, 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, 2022 and 2021, the Preserve incurred expenses to Smiley Brother's Inc. and Mohonk Mountain House for goods and services totaling \$60,868 and \$612, respectively. Additionally, the Preserve earned revenue for services provided to Smiley Brothers, Inc. and Mohonk Mountain House totaling \$6,370 and \$5,725, respectively, during the years ended December 31, 2022 and 2021. No amounts were due to or from Smiley Brothers, Inc. at December 31, 2022 and 2021.

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;

**MOHONK PRESERVE, INC.**  
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**13. FAIR VALUE MEASUREMENTS (CONTINUED)**

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, 2022 and 2021.

Fair value measurements for assets and liabilities at fair value on a recurring basis at December 31, 2022 and 2021 were determined based on the following:

	<b><u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Investments - Gift Annuity</b>		
Money Market/Cash Funds	\$ 2,880	\$ 15,178
Mutual Funds and Equity Securities	248,985	288,791
Other	3,664	24,509
	<u>\$ 255,529</u>	<u>\$ 328,478</u>

	<b><u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Investments</b>		
Money Market/Cash Funds	\$ 274,691	\$ 188,906
Bonds (Asset Backed Securities)	1,157	1,545
Exchange Traded Products:		
Bond Funds	615,070	780,295
Equity Funds	7,392,506	9,206,498
	<u>\$ 8,283,424</u>	<u>\$ 10,177,244</u>

**MOHONK PRESERVE, INC.**  
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**13. FAIR VALUE MEASUREMENTS (CONTINUED)**

	<b>Significant Unobservable Inputs (Level 3)</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Investments - Beneficial Interest in Trust	\$ <u>-</u>	\$ <u>390,537</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>2022</u></b>	<b><u>2021</u></b>
Gift Annuity Payable	\$ <u>51,554</u>	\$ <u>90,737</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 2.33% and 1.41% at December 31, 2022 and 2021, 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.

**MOHONK PRESERVE, INC.**  
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**15. LIQUIDITY (CONTINUED)**

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><b>2022</b></u>	<u><b>2021</b></u>
Assets without restriction as of December 31	\$ 22,189,097	\$ 23,910,163
Less non-financial assets:		
Prepaid expenses and deposits	103,435	103,155
Property and equipment, net	10,032,825	10,280,239
Land	7,036,395	6,889,717
Right-of-use Assets - Operating leases	1,601	-
Financial assets without restriction as of December 31	<u>5,014,841</u>	<u>6,637,052</u>
Less unavailable for general expenditures within one year:		
Beneficial interest in trust	-	390,537
Board designated endowment fund, primarily for long-term investing	<u>2,157,554</u>	<u>4,003,224</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,857,287</u></u>	<u><u>\$ 2,243,291</u></u>

**16. PAYCHECK PROTECTION PROGRAM FUNDING**

During 2021 and 2020, the Preserve applied for and received Paycheck Protection Program (PPP) loans in the amounts 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 applications 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 in the respective year's Statement of Activities.

**17. LEASES**

As disclosed in Note 2, the Preserve adopted ASU 2016-02, *Leases (Topic 842)*, effective January 1, 2022. The Preserve determines whether a contract contains a lease at the inception of a contract by determining if the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration, and only reassess its determination if the terms and conditions of the agreement are changed.

The Preserve leases a postage meter. The lease expires in December 2024. The incremental borrowing rate utilized to calculate these lease liabilities was based on the information available at the commencement date, as most leases do not provide an implicit borrowing rate. The Preserve's operating lease does not contain any material guarantees or restrictive covenants.

**MOHONK PRESERVE, INC.**  
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**17. LEASES (CONTINUED)**

The Preserve does not have any sublease activities. This lease is included in right-of-use asset – operating leases and lease liability-operating leases in the accompanying 2022 Statement of Financial Position. Operating lease expense under this lease is included in office supplies and materials on the Statement of Functional Expenses and was \$840 for the year ended December 31, 2022.

At December 31, 2022, future payments of operating lease liabilities were as follows:

2023	\$	840
2024		840
2025		-
2026		-
2027		-
Total Undiscounted Cash Flows		<u>1,680</u>
Less: present value discount		<u>(79)</u>
Total Present Value of Lease Liabilities	\$	<u><u>1,601</u></u>

There were no right-of-use assets obtained in exchange for operating lease liabilities during the year ended December 31, 2022.

Other information on leases is as follows:

<u>Operating Lease</u>	
Weighted average remaining lease term	2.00 years
Weighted average discount rate	5.09%

**18. SUBSEQUENT EVENTS**

The Preserve's management has evaluated subsequent events through July 19, 2023, the date on which the financial statements were available to be issued, and determined that there were no subsequent events requiring recording or disclosure.