

**NATURAL HISTORY MUSEUM
OF THE ADIRONDACKS**

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position December 31, 2018 and 2017	3
Statements of Activities for the Years Ended December 31, 2018 and 2017	4
Statement of Functional Expenses for the Year Ended December 31, 2018	5 - 6
Statement of Functional Expenses for the Year Ended December 31, 2017	7 - 8
Statements of Cash Flows for the Years Ended December 31, 2018 and 2017	9
Notes to Financial Statements	10 - 19



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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Natural History Museum of the Adirondacks
Tupper Lake, NY

We have audited the accompanying financial statements of Natural History Museum of the Adirondacks (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

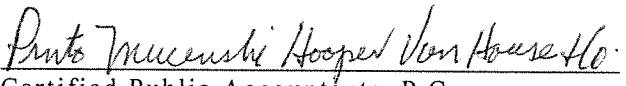
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Natural History Museum of the Adirondacks as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Certified Public Accountants, P.C.

April 2, 2019

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 519,211	\$ 659,314
Contributions Receivable, Net	146,700	168,425
Government Grants Receivable	176,355	428,931
Merchandise Inventory	150,663	133,854
Prepaid Expenses and Other Assets	102,912	113,083
Total Current Assets	1,095,841	1,503,607
OTHER ASSETS		
Investments	6,273,688	5,756,714
Property Held for Sale	232,500	232,500
Contributions Receivable, Net (Net of Current Portion)	55,044	106,795
Total Other Assets	6,561,232	6,096,009
FIXED ASSETS		
Land	531,400	531,400
Building	33,795,501	33,553,905
Property Improvements	2,561,225	2,538,638
Furniture, Fixtures, and Equipment	2,949,994	2,921,795
Total Fixed Assets	39,838,120	39,545,738
Less Accumulated Depreciation	14,760,175	13,403,856
Net Fixed Assets	25,077,945	26,141,882
TOTAL	\$ 32,735,018	\$ 33,741,498
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 139,275	\$ 108,294
Accrued Expenses	38,650	46,429
Notes Payable (Current Portion)	153,902	152,762
Total Current Liabilities	331,827	307,485
LONG-TERM LIABILITIES		
Notes Payable (Net of Current Portion)	849,706	1,003,217
Total Liabilities	1,181,533	1,310,702
NET ASSETS		
Without Donor Restrictions	31,229,992	32,115,575
With Donor Restrictions	323,493	315,221
Total Net Assets	31,553,485	32,430,796
TOTAL	\$ 32,735,018	\$ 33,741,498

The accompanying notes are an integral part of these financial statements.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Admissions	\$ 1,211,901	\$ -	\$ 1,211,901	\$ 1,450,817	\$ -	\$ 1,450,817
Contributions	2,319,693	88,866	2,408,559	1,482,906	123,432	1,606,338
Grants	368,976	579,883	948,859	528,425	239,352	767,777
Membership	376,540	-	376,540	487,278	-	487,278
Education	51,615	-	51,615	51,666	-	51,666
Retail Store Revenue, Net of Cost of Goods Sold	252,731	-	252,731	317,640	-	317,640
Café Revenue, Net of Cost of Goods Sold	109,034	-	109,034	147,684	-	147,684
Facility Rental, Net of Expenses	32,180	-	32,180	38,945	-	38,945
Other Income	9,751	-	9,751	6,900	-	6,900
Net Assets Released from Restrictions for Operations	466,589	(466,589)	-	346,314	(346,314)	-
Total Support and Revenue	5,199,010	202,160	5,401,170	4,858,575	16,470	4,875,045
OPERATING EXPENSES						
Program Expenses						
Admissions	127,734	-	127,734	120,971	-	120,971
Animal Care	244,110	-	244,110	231,689	-	231,689
Exhibits	132,653	-	132,653	163,819	-	163,819
Education and Research	1,081,824	-	1,081,824	778,817	-	778,817
Facility Operations	954,519	-	954,519	990,606	-	990,606
Membership	202,479	-	202,479	193,006	-	193,006
Operating Activities	317,267	-	317,267	306,974	-	306,974
Total Program Expenses	3,060,586	-	3,060,586	2,785,882	-	2,785,882
Support Services						
Administration	637,256	-	637,256	669,012	-	669,012
Development	562,819	-	562,819	612,953	-	612,953
Marketing	384,001	-	384,001	642,243	-	642,243
Volunteers	5,464	-	5,464	4,963	-	4,963
Total Support Services	1,589,540	-	1,589,540	1,929,171	-	1,929,171
Total Operating Expenses	4,650,126	-	4,650,126	4,715,053	-	4,715,053
Excess (Deficiency) of Support and Revenues over Operating Expenses	548,884	202,160	751,044	143,522	16,470	159,992
Non-Operating Revenue and Expenses						
Grants and Contributions Restricted for Capital Expenditures	66,344	-	66,344	305,810	141,945	447,755
Net Investment Return	(275,249)	(1,265)	(276,514)	824,547	3,163	827,710
Depreciation and Amortization	(1,358,467)	-	(1,358,467)	(1,337,782)	-	(1,337,782)
Interest Expense	(59,718)	-	(59,718)	(54,200)	-	(54,200)
Net Assets Released from Restrictions for Capital Expenditures	192,623	(192,623)	-	-	-	-
Total Non-Operating Revenue and Expenses	(1,434,467)	(193,888)	(1,628,355)	(261,625)	145,108	(116,517)
CHANGE IN NET ASSETS	(885,583)	8,272	(877,311)	(118,103)	161,578	43,475
NET ASSETS AT BEGINNING OF YEAR	32,115,575	315,221	32,430,796	32,233,678	153,643	32,387,321
NET ASSETS AT END OF YEAR	\$ 31,229,992	\$ 323,493	\$ 31,553,485	\$ 32,115,575	\$ 315,221	\$ 32,430,796

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAM EXPENSES							Total Programs
	Admissions	Animal Care	Exhibits	Education and Research	Facility Operations	Membership	Operating Activities	
Payroll	\$ 75,399	\$ 171,236	\$ 5,336	\$ 548,026	\$ 252,065	\$ 97,918	\$ 232,141	\$ 1,382,121
Payroll Taxes	4,948	13,669	66	42,734	19,706	3,599	20,260	104,982
Employee Benefits	7,594	26,486	-	92,169	62,336	27,153	33,830	249,568
Consultants and Professional Fees	-	13,434	17,455	158,721	129,431	-	-	319,041
Advertising and Promotion	-	-	-	-	-	-	(648)	(648)
Utilities	-	-	-	-	154,523	-	-	154,523
Repairs and Maintenance	8,571	-	100,405	-	162,133	956	3,975	276,040
Equipment and Supplies	1,320	14,838	7,819	17,548	83,666	1,380	5,904	132,475
Programs and Lectures	-	-	-	119,993	-	-	-	119,993
Travel	-	1,142	-	46,142	74	-	3,091	50,449
Meals and Event Entertainment	-	-	-	1,282	-	-	-	1,282
Insurance	-	-	-	-	61,474	-	-	61,474
Professional Affiliations	-	1,398	-	-	-	-	-	1,398
Training and Development	-	1,693	1,572	10,376	160	-	40	13,841
Research and Development	-	214	-	188	-	-	2,801	3,203
Printing and Postage	-	-	-	-	-	-	-	-
Member Benefits	-	-	-	-	-	54,855	-	54,855
Member Renewal and Acquisition Costs	-	-	-	-	-	9,819	-	9,819
Health and Safety	-	-	-	-	10,512	-	-	10,512
Vehicle Costs	-	-	-	-	8,744	-	-	8,744
Rental Expense	-	-	-	23,061	9,695	-	-	32,756
Credit Card Discounts	29,902	-	-	-	-	6,799	15,873	52,574
Salary and Indirect Cost Recovery	-	-	-	21,584	-	-	-	21,584
Total	\$ 127,734	\$ 244,110	\$ 132,653	\$ 1,081,824	\$ 954,519	\$ 202,479	\$ 317,267	\$ 3,060,586

The accompanying notes are an integral part of these financial statements.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	SUPPORT SERVICES					2018 Total Functional Expenses
	Administration	Development	Marketing	Volunteers	Total Support	
Payroll	\$ 386,519	\$ 361,800	\$ 74,673	\$ -	\$ 822,992	\$ 2,205,113
Payroll Taxes	26,230	32,541	5,919	-	64,690	169,672
Employee Benefits	79,561	45,654	19,472	-	144,687	394,255
Consultants and Professional Fees	23,316	19,292	70,850	-	113,458	432,499
Advertising and Promotion	1,979	977	206,968	2,160	212,084	211,436
Utilities	13,475	-	-	-	13,475	167,998
Repairs and Maintenance	8,082	19,918	-	420	28,420	304,460
Equipment and Supplies	28,709	-	-	1,227	29,936	162,411
Programs and Lectures	-	-	-	-	-	119,993
Travel	40,535	43,738	1,454	1,657	87,384	137,833
Meals and Event Entertainment	22,496	15,655	25	-	38,176	39,458
Insurance	5,027	-	-	-	5,027	66,501
Professional Affiliations	8,312	665	-	-	8,977	10,375
Training and Development	4,281	1,797	3,408	-	9,486	23,327
Research and Development	7,742	1,668	1,232	-	10,642	13,845
Printing and Postage	2,576	16,075	-	-	18,651	18,651
Member Benefits	-	-	-	-	-	54,855
Member Renewal and Acquisition Costs	-	-	-	-	-	9,819
Health and Safety	-	-	-	-	-	10,512
Vehicle Costs	-	-	-	-	-	8,744
Rental Expense	-	-	-	-	-	32,756
Credit Card Discounts	-	3,039	-	-	3,039	55,613
Salary and Indirect Cost Recovery	(21,584)	-	-	-	(21,584)	-
Total	\$ 637,256	\$ 562,819	\$ 384,001	\$ 5,464	\$ 1,589,540	\$ 4,650,126

The accompanying notes are an integral part of these financial statements.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	PROGRAM EXPENSES							Total Programs
	Admissions	Animal Care	Exhibits	Education and Research	Facility Operations	Membership	Operating Activities	
Payroll	\$ 68,544	\$ 162,475	\$ -	\$ 455,628	\$ 247,052	\$ 94,791	\$ 223,805	\$ 1,252,295
Payroll Taxes	5,665	13,278	-	37,537	19,823	6,700	19,868	102,871
Employee Benefits	3,157	22,514	-	66,382	60,728	25,268	28,153	206,202
Consultants and Professional Fees	-	8,850	55,849	31,508	106,455	-	-	202,662
Advertising and Promotion	-	-	-	-	-	-	(702)	(702)
Utilities	-	-	-	61	133,015	-	-	133,076
Repairs and Maintenance	8,648	-	104,982	-	191,134	956	3,208	308,928
Equipment and Supplies	1,389	16,935	2,988	18,117	156,224	5,034	7,608	208,295
Programs and Lectures	-	-	-	90,232	-	-	-	90,232
Travel	-	3,630	-	35,266	89	-	4,358	43,343
Meals and Event Entertainment	-	-	-	349	-	-	-	349
Insurance	-	-	-	-	54,835	-	-	54,835
Professional Affiliations	-	1,868	-	-	299	-	-	2,167
Training and Development	-	1,856	-	14,701	433	-	604	17,594
Research and Development	-	283	-	-	-	-	165	448
Printing and Postage	-	-	-	-	-	-	-	-
Member Benefits	-	-	-	-	-	-	-	-
Member Renewal and Acquisition Costs	-	-	-	-	-	28,862	-	28,862
Health and Safety	-	-	-	-	-	21,470	-	21,470
Vehicle Costs	-	-	-	-	11,106	-	-	11,106
Rental Expense	-	-	-	18,090	9,413	-	-	9,413
Credit Card Discounts	33,568	-	-	-	-	-	-	18,090
Salary and Indirect Cost Recovery	-	-	-	10,946	-	9,925	20,602	64,095
	-	-	-	-	-	-	(695)	10,251
Total	\$ 120,971	\$ 231,689	\$ 163,819	\$ 778,817	\$ 990,606	\$ 193,006	\$ 306,974	\$ 2,785,882

The accompanying notes are an integral part of these financial statements.
Page 7

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	SUPPORT SERVICES					2017 Total Functional Expenses
	Administration	Development	Marketing	Volunteers	Total Support	
Payroll	\$ 373,866	\$ 378,405	\$ 49,250	\$ -	\$ 801,521	\$ 2,053,816
Payroll Taxes	25,722	30,981	3,821	-	60,524	163,395
Employee Benefits	75,350	34,997	15,141	-	125,488	331,690
Consultants and Professional Fees	36,822	38,765	166,423	-	242,010	444,672
Advertising and Promotion	1,450	3,602	398,383	2,315	405,750	405,048
Utilities	15,433	-	-	-	15,433	148,509
Repairs and Maintenance	8,134	14,881	-	385	23,400	332,328
Equipment and Supplies	32,911	-	-	1,551	34,462	242,757
Programs and Lectures	-	-	-	-	-	90,232
Travel	51,142	43,054	7,689	92	101,977	145,320
Meals and Event Entertainment	19,710	18,430	-	-	38,140	38,489
Insurance	4,756	-	-	-	4,756	59,591
Professional Affiliations	17,988	1,045	-	-	19,033	21,200
Training and Development	2,865	1,698	-	-	5,183	22,777
Research and Development	10,228	4,092	1,536	620	15,856	16,304
Printing and Postage	2,886	39,295	-	-	42,181	42,181
Member Benefits	-	-	-	-	-	28,862
Member Renewal and Acquisition Costs	-	-	-	-	-	21,470
Health and Safety	-	-	-	-	-	11,106
Vehicle Costs	-	-	-	-	-	9,413
Rental Expense	-	-	-	-	-	18,090
Credit Card Discounts	-	3,708	-	-	3,708	67,803
Salary and Indirect Cost Recovery	(10,251)	-	-	-	(10,251)	-
Total	\$ 669,012	\$ 612,953	\$ 642,243	\$ 4,963	\$ 1,929,171	\$ 4,715,053

The accompanying notes are an integral part of these financial statements.
Page 8

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Change in Net Assets	\$ (877,311)	\$ 43,475
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and Amortization	1,358,467	1,337,782
Unrealized (Gains) Losses on Investments	417,119	(494,913)
Realized (Gains) Losses on Investments	(1,108)	(225,030)
Contributions Receivable	73,476	73,466
Grants Receivable	252,576	(330,391)
Merchandise Inventory	(16,809)	23,989
Property Held for Sale	-	(232,500)
Other Current Assets	8,864	(1,249)
Accounts Payable	30,981	1,230
Accrued Expenses	(7,778)	21,527
Net Cash Provided by Operating Activities	<u>1,238,477</u>	<u>217,386</u>
INVESTING ACTIVITIES		
Redemption of Investments	186,900	754,200
Purchase of Investments	(1,120,727)	(738,342)
Purchase of Capital Assets	(292,382)	(354,275)
Net Investing Activities	<u>(1,226,209)</u>	<u>(338,417)</u>
FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	-	281,000
Repayment of Long-Term Debt	(152,371)	(125,021)
Net Financing Activities	<u>(152,371)</u>	<u>155,979</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(140,103)	34,948
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>659,314</u>	<u>624,366</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 519,211</u>	<u>\$ 659,314</u>

SUPPLEMENTAL CASH FLOW DISCLOSURES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Cash Paid During the Year for		
Interest Expense	\$ 59,718	\$ 54,200

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Natural History Museum of the Adirondacks (the Center) is a non-profit organization as outlined under Section 501(c)(3) of the Internal Revenue Code and is classified as being a public charity. The Center opened on July 4, 2006, and operates under the registered name of The Wild Center.

The Center's mission is to ignite an enduring passion for the Adirondacks where people and nature thrive together and offer an example for the world.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles, which requires the Center to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center's management and Board.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The more significant estimates include calculations for allowance for uncollectible pledges, and asset useful lives for depreciation purposes.

Cash and Cash Equivalents

Cash consists of cash on premises generated through the course of daily activities and cash on deposit with banks. Cash equivalents represent money market funds or short-term savings instruments with original maturities of three months or less. Cash and cash equivalents that are a part of the Center's Board Designated Fund are included in investments.

Concentrations of Credit Risk

The Center maintains its cash and cash equivalents in various accounts with high credit quality financial institutions. These account balances may, at times, exceed federally insured limits. The Center has not experienced, nor does it anticipate, any losses with respect to such accounts.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions and written unconditional promises to give (pledges) are reported in the period received. Pledges are recorded as contributions receivable at the present value of their estimated future cash flows. Discounts to present value are calculated using the Applicable Federal Rate for obligations with maturities that correspond to the expected pledge payment period adjusted for credit risk. Allowances are recorded for estimated uncollectible pledges based on management's judgment, past collection experience, and other relevant factors. Management has determined that all pledges are collectible and no allowance has been recorded for 2018 and 2017.

Investments

Investments are carried at fair value in the statements of financial position. Investment return (including realized and unrealized gains and losses on investments) is included in the statement of activities on an accrual basis.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The Center uses a fair value hierarchy that gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The three levels of fair value hierarchy are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Other observable inputs, either directly or indirectly, including quoted prices for similar assets/liabilities in active markets; quoted prices for identical or similar assets in non-active markets; inputs other than quoted prices that are observable for the asset/liability; and, inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

Inventory

Inventory consists of retail shop merchandise and is valued at the lower of average cost or market.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment

Property, plant, and equipment acquired having a value of \$ 5,000 or more are capitalized at cost, or at fair market value if contributed. Depreciation is provided using the straight-line method over the estimated useful life of the asset as follows:

Buildings	40 years
Property Improvements	15-40 years
Furniture, Fixtures, and Improvements	3-10 years

Advertising

The Center uses advertising to promote its activities. Advertising is expensed as incurred. Advertising and promotion expense was \$ 211,436 and \$ 405,048 for the years ended December 31, 2018 and 2017, respectively.

Income Tax

The Center qualifies as a non-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. A similar exemption has also been obtained from New York State.

Accounting principles generally accepted in the United States of America require the Center to evaluate all significant tax positions. The Center believes their tax positions are appropriate based on current facts and circumstances. As of December 31, 2018, the Center does not believe that it has taken any positions that would require the recording of any tax liability or tax asset.

Contributed Services

The Center records contributed services if such services are of a professional nature or have enhanced a non-financial asset. There were no contributed services meeting those criteria reflected in the accompanying financial statements.

A substantial number of unpaid volunteers have made significant contributions of their time in the furtherance of the Center's programs. Such services do not meet the criteria for recognition as a contribution as described above and, therefore, their value is not reflected in the accompanying statements.

Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, the Center adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*. This guidance is intended to address the complexity and understandability of net asset classification and enhance disclosures for the composition of net assets without donor restrictions, liquidity and availability of resources, and expenses by both activity and functional classification. The ASU has been applied retrospectively to all periods presented.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Pronouncement (Continued)

A summary of the net asset reclassifications driven by the adoption of ASU 2016-14 as of December 31, 2017 is presented below:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As Previously Presented			
Unrestricted Net Assets			
Undesignated	\$ 26,213,267	\$ -	\$ 26,213,267
Board Designated	<u>5,755,120</u>	<u>-</u>	<u>5,755,120</u>
Total Unrestricted Net Assets	31,968,387	-	31,968,387
Temporarily Restricted	-	428,928	428,928
Permanently Restricted	<u>-</u>	<u>33,481</u>	<u>33,481</u>
Net Assets as Previously Presented	31,968,387	462,409	32,430,796
Reclassification to Implement ASU 2016-14			
Capital Gifts	<u>147,188</u>	<u>(147,188)</u>	<u>-</u>
Net Assets, as Reclassified at December 31, 2017	<u>\$ 32,115,575</u>	<u>\$ 315,221</u>	<u>\$ 32,430,796</u>

Allocation of Functional Expenses

Costs are directly charged to the functions they benefit. The financial statements do not report any categories of expenses that are attributable to more than one program or supporting functions. Therefore, an allocation of functional expenses is not required.

Subsequent Events

Management has reviewed and evaluated all events and transactions from January 1, 2019 through April 2, 2019, the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. There were no events or transactions that existed which would provide additional pertinent information about conditions at the balance sheet date required to be recognized or disclosed in the accompanying financial statements.

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and Cash Equivalents.....	\$ 519,211
Contributions Receivable	146,700
Government Grants Receivable	176,355
Merchandise Inventory	150,663
Board Approved Appropriation from Endowments.....	<u>196,400</u>
Financial Assets Available to Meet General Expenditures over the Next Year ..	<u>\$ 1,189,329</u>

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

As part of the Center's liquidity management, it invests cash in excess of daily requirements in short-term investments. To help manage seasonal or unanticipated liquidity needs, the Center has a committed line of credit in the amount of \$ 750,000 which it can draw upon.

Additionally, the Center's investment funds consist of funds designated by the Board for endowment (quasi-endowment funds) as well as donor-restricted endowments. Income from donor-restricted endowments is available for general operations, based on the Center's spending policy. The quasi-endowment and donor-restricted endowments have a spending rate of up to 4% of the preceding five-year average market value of the funds. Included in the amounts above is the Board approved appropriation of \$ 196,400 from the funds for 2019 operations. Additional amounts could be made available from the quasi-endowment funds for operations at the discretion of the Board.

NOTE C - CONTRIBUTIONS RECEIVABLE

Pledges are recorded as contributions receivable at the present value of expected future cash flows. Discount factors are established in the year in which the contribution originated and are not subsequently adjusted. The rate used to discount contributions receivable to present value was 4.07% at December 31, 2018. New pledges totaled \$ 90,000 and \$ 175,000 in 2018 and 2017, respectively.

Contributions receivable as of December 31, 2018 and 2017, consist of the following:

	2018	2017
Unrestricted Uses.....	\$ 118,700	\$ 131,700
Restricted to Permanent Endowment	50,000	-
Restricted to Capital Purchase.....	-	15,000
Restricted to Exhibit Project	36,000	133,125
Gross Contributions Receivable.....	204,700	279,825
Less Discount to Present Value.....	(2,956)	(4,605)
Less Allowance for Uncollectible Pledges	-	-
Contributions Receivable, Net.....	\$ 201,744	\$ 275,220

Contributions receivable as of December 31, 2018 and 2017, are due as follows:

	2018	2017
Within One Year	\$ 146,700	\$ 168,425
One to Five Years	58,000	111,400
Gross Contributions Receivable.....	\$ 204,700	\$ 279,825

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE D - GOVERNMENT GRANTS RECEIVABLE

Grant monies receivable from federal agencies and New York State for programs and capital projects totaled \$ 176,355 and \$ 428,931 at December 31, 2018 and 2017, respectively.

NOTE E - INVESTMENTS

Investment objectives and policies are established and monitored by the Center's Finance Committee of the Board of Trustees.

Investments are recorded at market value. These values were obtained from published market prices or as provided by the investment custodian. Investments at December 31, 2018 and 2017, consisted of the following:

	2018	2017
Money Market Funds.....	\$ 751,512	\$ 708,183
U.S. Treasury Notes.....	1,899,410	1,120,478
Equities Index Funds.....	3,622,766	3,928,053
	\$ 6,273,688	\$ 5,756,714

At December 31, 2018 and 2017, all investments were considered Level 1 investments.

A summary of investment return and its classification in the statement of activities is as follows:

	2018	2017
Interest and Dividends	\$ 137,017	\$ 106,222
Realized Investment Gain (Loss).....	-	225,030
Unrealized Gains (Losses)	(416,853)	494,913
	\$ (279,836)	\$ 826,165

Classified as follows:

	2018	2017
Support and Revenues		
Without Donor Restrictions	\$ (278,571)	\$ 823,002
With Donor Restrictions	(1,265)	3,163
	\$ (279,836)	\$ 826,165

NOTE F - LINE OF CREDIT

The Center has a \$ 750,000 line of credit with a bank, with interest to be charged at the bank's prime rate. The interest rate as of December 31, 2018, was 5.25%. There were no borrowings against the line at December 31, 2018 and 2017. The line is reviewed annually and is due on demand.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE G - NOTE PAYABLE

Notes payable consists of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
<p>Note payable to bank, secured by a continuing security interest in all personal property of the Center. In addition, the loan contains various covenants which, among others, requires the Center to maintain unrestricted Board Designated assets equal to the principal balance of the note and prohibits the creation of any lien, mortgage, or security interest upon the Center's real property. Interest on the note is payable monthly at a fixed rate of 4.01% to October 2020 (and thereafter, at LIBOR plus 270 basis points or the five-year Treasury plus 265 basis points, at the Center's option). The loan requires annual principal payments of \$ 100,000 commencing in December 2017, with the remaining principal balance due at the loan maturity date, December 21, 2022.</p>	\$ 800,000	\$ 900,000
<p>Note payable to bank, secured by equipment, payable in monthly installments of \$ 1,165, including interest of 5.4% through March 2022.</p>	41,535	52,903
<p>Note payable to bank, secured by a money market account at the bank with a balance of \$ 253,166 at December 31, 2018. The loan is payable in monthly installments of \$ 4,093, including interest at prime less .75% (4.50% at December 31, 2018) through August 2022.</p>	<u>162,073</u> 1,003,608	<u>203,076</u> 1,155,979
<p>Less: Current Maturities</p>	<u>153,902</u>	<u>152,762</u>
	<u>\$ 849,706</u>	<u>\$ 1,003,217</u>

Future principal payments on the note payable are as follows:

2019	\$ 153,902
2020	157,565
2021	160,766
2022	<u>531,375</u>
	<u>\$ 1,003,608</u>

Interest charged to expense for the years ended December 31, 2018 and 2017, was \$ 59,718 and \$ 54,200, respectively.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE H - NET ASSETS

Net assets consist of the following:

	2018	2017
Without Donor Restrictions		
Undesignated.....	\$ 24,605,148	\$ 26,213,267
Designated by Board for Endowment	5,120,202	5,568,220
Designated by Board for Operations	196,400	186,900
Designated by Board for Debt Repayment	35,922	147,188
Designated by Board for Future Operations	1,272,320	-
Total without Donor Restrictions.....	31,229,992	32,115,575
With Donor Restrictions		
Perpetual in Nature	82,616	33,481
Purpose Restrictions	-	153,708
Time-Restricted for Future Periods.....	240,877	128,032
Total with Donor Restrictions	323,493	315,221
Total Net Assets	\$ 31,553,485	\$ 32,430,796

Net assets released from donor restrictions are as follows:

	2018	2017
For operations:		
Satisfaction of Purpose Restrictions	\$ 415,913	\$ 189,632
Passage of Time Restrictions	50,676	156,682
Total for Operations.....	466,589	346,314
Capital Assets Placed in Service	192,623	-
Total Net Assets with Donor Restrictions Released	\$ 659,212	\$ 346,314

NOTE I - ENDOWMENT FUNDS

In September 2010, the State passed the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), its version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). All not-for-profit organizations formed in New York must apply this law. NYPMIFA only concerns itself with donor-restricted endowments. Currently, the Center has \$ 19,600 of donor-restricted endowment funds. The Center has investment policies and procedures to comply with NYPMIFA requirements.

Endowment, restricted and board-designated funds are established for a variety of purposes. Such funds can include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE I - ENDOWMENT FUNDS (Continued)

The primary financial objective of such funds is to provide support for the Center's annual operation, and to provide funding for certain non-operating activities, including capital needs, as such needs or opportunities may arise.

In order to accomplish this financial objective, the primary investment objective over the long term is to generate an average total return equal to the Center's spending policy, plus an amount sufficient to fund investment-related expenses, plus inflation. While this is the Center's long-term objective, it is recognized that due to market circumstances the Center may not be able to achieve this objective in a particular year or years, and may exceed this objective in other years.

In order to meet the Center's primary investment objective while also maintaining prudent levels of risk and liquidity, the Center maintains a highly diversified investment portfolio.

Changes in Endowment Net Assets for the years ended December 31, 2018 and 2017 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, January 1, 2017	\$ 5,119,963	\$ 20,618	\$ 5,140,581
Investment Return, Net	823,002	3,163	826,165
Contributions	66,355	400	66,755
Appropriation of Endowment Assets for Operations	<u>(254,200)</u>	<u>-</u>	<u>(254,200)</u>
Endowment Net Assets, December 31, 2017	5,755,120	24,181	5,779,301
Investment Return, Net	(285,251)	(1,265)	(286,516)
Contributions	33,633	50,400	84,033
Appropriation of Endowment Assets for Operations	<u>(186,900)</u>	<u>-</u>	<u>(186,900)</u>
Endowment Net Assets, December 31, 2018	<u>\$ 5,316,602</u>	<u>\$ 73,316</u>	<u>\$ 5,389,918</u>

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE J - RETIREMENT PLAN

The Center sponsors a Savings Incentive Match Plan covering substantially all of its employees. Contributions are determined by an employer match of participating employees' contributions up to 3% of compensation, and totaled \$ 50,367 in 2018 and \$ 37,702 in 2017.

NOTE K - FUNDRAISING EXPENSES

Fundraising expenses are shown as Development in the accompanying Statements of Activities. The total fundraising expenses for the years ended December 31, 2018 and 2017, were \$ 562,819 and \$ 612,953, respectively.

NOTE L - RECLASSIFICATIONS

Certain amounts in the 2017 financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.