

**NATURAL HISTORY MUSEUM
OF THE ADIRONDACKS**

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Pinto Mucenski Hooper Van House & Co.

Certified Public Accountants, P.C.

April 8, 2020

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 704,629	\$ 519,211
Contributions Receivable, Net	43,000	146,700
Government Grants Receivable	16,636	176,355
Merchandise Inventory	126,682	150,663
Prepaid Expenses and Other Assets	101,599	102,912
Total Current Assets	992,546	1,095,841
OTHER ASSETS		
Investments	7,607,363	6,273,688
Property Held for Sale	232,500	232,500
Contributions Receivable, Net (Net of Current Portion)	23,969	55,044
Total Other Assets	7,863,832	6,561,232
FIXED ASSETS		
Land	531,400	531,400
Building	33,873,627	33,795,501
Property Improvements	2,561,225	2,561,225
Furniture, Fixtures, and Equipment	2,959,238	2,949,994
Total Fixed Assets	39,925,490	39,838,120
Less Accumulated Depreciation	16,127,505	14,760,175
Net Fixed Assets	23,797,985	25,077,945
TOTAL	\$ 32,654,363	\$ 32,735,018
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 88,750	\$ 139,275
Accrued Expenses	56,414	38,650
Notes Payable (Current Portion)	157,446	153,902
Total Current Liabilities	302,610	331,827
LONG-TERM LIABILITIES		
Notes Payable (Net of Current Portion)	691,556	849,706
Total Liabilities	994,166	1,181,533
NET ASSETS		
Without Donor Restrictions	31,508,381	31,229,992
With Donor Restrictions	151,816	323,493
Total Net Assets	31,660,197	31,553,485
TOTAL	\$ 32,654,363	\$ 32,735,018

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, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Admissions	\$ 1,196,205	\$ -	\$ 1,196,205	\$ 1,211,901	\$ -	\$ 1,211,901
Contributions	1,948,918	5,665	1,954,583	2,319,693	88,866	2,408,559
Grants	315,421	227,061	542,482	368,976	579,883	948,859
Membership	383,648	-	383,648	376,540	-	376,540
Education	62,396	-	62,396	51,615	-	51,615
Retail Store Revenue, Net of Cost of Goods Sold	225,970	-	225,970	252,731	-	252,731
Café Revenue, Net of Cost of Goods Sold	97,503	-	97,503	109,034	-	109,034
Facility Rental, Net of Expenses	23,582	-	23,582	32,180	-	32,180
Other Income	7,700	-	7,700	9,751	-	9,751
Net Assets Released from Restrictions for Operations	410,439	(410,439)	-	466,589	(466,589)	-
Total Support and Revenue	4,671,782	(177,713)	4,494,069	5,199,010	202,160	5,401,170
OPERATING EXPENSES						
Program Expenses						
Admissions	113,042	-	113,042	127,734	-	127,734
Animal Care	269,241	-	269,241	244,110	-	244,110
Exhibits	48,500	-	48,500	132,653	-	132,653
Education and Research	929,416	-	929,416	1,081,824	-	1,081,824
Facility Operations	896,551	-	896,551	954,519	-	954,519
Membership	191,573	-	191,573	202,479	-	202,479
Operating Activities	297,609	-	297,609	317,267	-	317,267
Total Program Expenses	2,745,932	-	2,745,932	3,060,586	-	3,060,586
Support Services						
Administration	654,247	-	654,247	637,256	-	637,256
Development	482,796	-	482,796	562,819	-	562,819
Marketing	365,426	-	365,426	384,001	-	384,001
Volunteers	2,992	-	2,992	5,464	-	5,464
Total Support Services	1,505,461	-	1,505,461	1,589,540	-	1,589,540
Total Operating Expenses	4,251,393	-	4,251,393	4,650,126	-	4,650,126
Excess (Deficiency) of Support and Revenues over Operating Expenses	420,389	(177,713)	242,676	548,884	202,160	751,044
Non-Operating Revenue and Expenses						
Grants and Contributions Restricted for Capital Expenditures	107,778	-	107,778	66,344	-	66,344
Net Investment Return	1,160,127	9,566	1,169,693	(275,249)	(1,265)	(276,514)
Depreciation and Amortization	(1,369,479)	-	(1,369,479)	(1,358,467)	-	(1,358,467)
Interest Expense	(43,956)	-	(43,956)	(59,718)	-	(59,718)
Net Assets Released from Restrictions for Capital Expenditures	3,530	(3,530)	-	192,623	(192,623)	-
Total Non-Operating Revenue and Expenses	(142,000)	6,036	(135,964)	(1,434,467)	(193,888)	(1,628,355)
CHANGE IN NET ASSETS	278,389	(171,677)	106,712	(885,583)	8,272	(877,311)
NET ASSETS AT BEGINNING OF YEAR	31,229,992	323,493	31,553,485	32,115,575	315,221	32,430,796
NET ASSETS AT END OF YEAR	\$ 31,508,381	\$ 151,816	\$ 31,660,197	\$ 31,229,992	\$ 323,493	\$ 31,553,485

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, 2019**

	PROGRAM EXPENSES								
	Admissions	Animal Care	Exhibits	Education and Research	Youth Climate Program	Facility Operations	Membership	Operating Activities	Total Programs
Payroll	\$ 60,183	\$ 180,392	\$ -	\$ 316,240	\$ 167,602	\$ 248,440	\$ 101,589	\$ 217,501	\$ 1,291,947
Payroll Taxes	3,703	14,329	-	26,275	13,119	19,379	3,967	18,720	99,492
Employee Benefits	7,685	26,673	-	42,968	20,171	61,440	28,271	31,072	218,280
Consultants and Professional Fees	-	15,497	33,029	13,004	92,472	92,626	-	-	246,628
Advertising and Promotion	-	-	-	-	-	-	-	(770)	(770)
Utilities	-	-	-	-	-	149,371	-	-	149,371
Repairs and Maintenance	8,571	-	12,238	11,463	-	154,941	1,819	4,275	193,307
Equipment and Supplies	1,295	28,696	3,233	14,851	2,813	88,848	1,522	8,973	150,231
Programs and Lectures	-	-	-	48,324	108,675	-	-	-	156,999
Travel	-	324	-	8,805	20,511	70	-	1,998	31,708
Meals and Event Entertainment	-	-	-	684	4	-	-	-	688
Insurance	-	-	-	-	-	60,939	-	-	60,939
Professional Affiliations	-	1,163	-	-	-	-	-	-	1,163
Training and Development	-	650	-	13,257	-	251	-	-	14,158
Research and Development	-	1,517	-	48	-	-	-	390	1,955
Printing and Postage	-	-	-	75	-	-	-	-	75
Member Benefits	-	-	-	-	-	-	37,264	-	37,264
Member Renewal and Acquisition Costs	-	-	-	-	-	-	9,628	-	9,628
Health and Safety	-	-	-	-	-	10,744	-	-	10,744
Vehicle Costs	-	-	-	-	-	9,502	-	-	9,502
Credit Card Fees	31,605	-	-	-	-	-	7,513	15,450	54,568
Salary and Indirect Cost Recovery	-	-	-	-	8,055	-	-	-	8,055
Total	\$ 113,042	\$ 269,241	\$ 48,500	\$ 495,994	\$ 433,422	\$ 896,551	\$ 191,573	\$ 297,609	\$ 2,745,932

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, 2019**

	SUPPORT SERVICES					2019 Total Functional Expenses
	Administration	Development	Marketing	Volunteers	Total Support	
Payroll	\$ 409,770	\$ 307,077	\$ 60,500	\$ -	\$ 777,347	\$ 2,069,294
Payroll Taxes	27,442	28,612	4,811	-	60,865	160,357
Employee Benefits	84,118	32,069	12,281	-	128,468	346,748
Consultants and Professional Fees	26,060	4,022	31,350	-	61,432	308,060
Advertising and Promotion	1,639	1,277	251,454	725	255,095	254,325
Utilities	13,600	-	-	-	13,600	162,971
Repairs and Maintenance	4,141	21,460	-	385	25,986	219,293
Equipment and Supplies	24,647	-	-	1,400	26,047	176,278
Programs and Lectures	-	-	-	-	-	156,999
Travel	33,745	46,615	3,904	482	84,746	116,454
Meals and Event Entertainment	8,387	17,627	605	-	26,619	27,307
Insurance	5,220	-	-	-	5,220	66,159
Professional Affiliations	10,435	881	-	-	11,316	12,479
Training and Development	1,949	1,743	313	-	4,005	18,163
Research and Development	8,299	950	208	-	9,457	11,412
Printing and Postage	2,850	17,874	-	-	20,724	20,799
Member Benefits	-	-	-	-	-	37,264
Member Renewal and Acquisition Costs	-	-	-	-	-	9,628
Health and Safety	-	-	-	-	-	10,744
Vehicle Costs	-	-	-	-	-	9,502
Credit Card Fees	-	2,589	-	-	2,589	57,157
Salary and Indirect Cost Recovery	(8,055)	-	-	-	(8,055)	-
Total	\$ 654,247	\$ 482,796	\$ 365,426	\$ 2,992	\$ 1,505,461	\$ 4,251,393

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**

	PROGRAM EXPENSES							
	Admissions	Animal Care	Exhibits	Education and Research	Facility Operations	Membership	Operating Activities	Total Programs
Payroll	\$ 75,399	\$ 171,236	\$ 5,336	\$ 530,432	\$ 252,065	\$ 97,918	\$ 232,141	\$ 1,364,527
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	176,315	129,431	-	-	336,635
Advertising and Promotion	-	-	-	-	-	-	(648)	(648)
Utilities	-	-	-	-	154,523	-	-	154,523
Repairs and Maintenance	8,571	-	100,405	23,061	171,828	956	3,975	308,796
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
Credit Card Fees	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
	<u>Administration</u>	<u>Development</u>	<u>Marketing</u>	<u>Volunteers</u>	<u>Total Support</u>	
Payroll	\$ 386,519	\$ 361,800	\$ 74,673	\$ -	\$ 822,992	\$ 2,187,519
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	450,093
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	337,216
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
Credit Card Fees	-	3,039	-	-	3,039	55,613
Salary and Indirect Cost Recovery	(21,584)	-	-	-	(21,584)	-
Total	<u>\$ 637,256</u>	<u>\$ 562,819</u>	<u>\$ 384,001</u>	<u>\$ 5,464</u>	<u>\$ 1,589,540</u>	<u>\$ 4,650,126</u>

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

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
OPERATING ACTIVITIES		
Change in Net Assets	\$ 106,712	\$ (877,311)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and Amortization	1,369,479	1,358,467
Unrealized (Gains) Losses on Investments	(998,979)	417,119
Realized (Gains) Losses on Investments	(3,108)	(1,108)
Contributions Receivable	134,775	73,476
Grants Receivable	159,719	252,576
Merchandise Inventory	23,981	(16,809)
Other Current Assets	(835)	8,864
Accounts Payable	(50,525)	30,981
Accrued Expenses	17,764	(7,778)
Net Cash Provided by Operating Activities	758,983	1,238,477
INVESTING ACTIVITIES		
Redemption of Investments	656,400	186,900
Purchase of Investments	(987,988)	(1,120,727)
Purchase of Capital Assets	(87,371)	(292,382)
Net Investing Activities	(418,959)	(1,226,209)
FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(154,606)	(152,371)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	185,418	(140,103)
CASH AND CASH EQUIVALENTS - Beginning of Year	519,211	659,314
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 704,629	\$ 519,211

**SUPPLEMENTAL CASH FLOW DISCLOSURES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Cash Paid During the Year for		
Interest Expense	\$ 43,956	\$ 59,718

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

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019

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. The Center has a policy to report donor-restricted contributions whose restrictions are met in the same reporting period as support within net assets without donor restrictions.

Revenue and Revenue Recognition

The Center recognizes revenue from ticket sales at the time of admission. Membership dues, which are nonrefundable, are considered rights of admission and are recognized as revenue upon receipt, as the transfer of the promised admission is received at the point of payment and the member controls the determination of when to exercise it.

The Center recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

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.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2019

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 \$ 254,325 and \$ 211,436 for the years ended December 31, 2019 and 2018, 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, 2019, 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, 2019, the Center has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenues from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Center's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Center recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020 through April 8, 2020, 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	\$	704,629
Contributions Receivable.....		43,000
Government Grants Receivable.....		16,636
Board Approved Appropriation from Endowments		<u>207,000</u>
Financial Assets Available to Meet General Expenditures over the Next Year..	\$	<u>971,265</u>

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 \$ 207,000 from the funds for 2020 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. Allowances are recorded, when necessary, 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 2019 and 2018. There were no new pledges in 2019. In 2018, new pledges totaled \$ 90,000 and were discounted to present value at a 4.07% discount.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE C - CONTRIBUTIONS RECEIVABLE (Continued)

Contributions receivable as of December 31, 2019 and 2018, consist of the following:

	2019	2018
Unrestricted Uses	\$ 55,000	\$ 118,700
Restricted to Permanent Endowment	10,000	50,000
Restricted to Exhibit Project	3,000	36,000
Gross Contributions Receivable	68,000	204,700
Less Discount to Present Value	(1,031)	(2,956)
Less Allowance for Uncollectible Pledges.....	-	-
Contributions Receivable, Net.....	\$ 66,969	\$ 201,744

Contributions receivable as of December 31, 2019 and 2018, are due as follows:

	2019	2018
Within One Year.....	\$ 43,000	\$ 146,700
One to Five Years	23,969	58,000
Gross Contributions Receivable	\$ 66,969	\$ 204,700

NOTE D - GOVERNMENT GRANTS RECEIVABLE

Grant monies receivable from federal agencies and New York State for programs and capital projects totaled \$ 16,636 and \$ 176,355 at December 31, 2019 and 2018, respectively.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019 and 2018, consisted of the following:

	2019	2018
Money Market Funds	\$ 944,275	\$ 751,512
U.S. Treasury Notes	1,563,688	1,899,410
Preferred Stock Equity Index Funds	307,979	-
Equity Index Funds.....	4,791,421	3,622,766
	\$ 7,607,363	\$ 6,273,688

At December 31, 2019 and 2018, all investments were considered Level 1 investments.

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

	2019	2018
Interest and Dividends	\$ 162,393	\$ 137,017
Realized Investment Gain (Loss).....	3,108	-
Unrealized Gains (Losses).....	998,979	(416,853)
	\$ 1,164,480	\$ (279,836)

Classified as follows:

	2019	2018
Support and Revenues		
Without Donor Restrictions	\$ 1,154,914	\$ (278,571)
With Donor Restrictions	9,566	(1,265)
	\$ 1,164,480	\$ (279,836)

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, 2019, was 4.75%. There were no borrowings against the line at December 31, 2019 and 2018. The line is reviewed annually and is due on demand.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE G - NOTE PAYABLE

Notes payable consists of the following at December 31, 2019 and 2018:

	2019	2018
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.	\$ 700,000	\$ 800,000
Note payable to bank, secured by equipment, payable in monthly installments of \$ 1,165, including interest of 5.4% through March 2022.	29,528	41,535
Note payable to bank, secured by a money market account at the bank with a balance of \$ 255,211 at December 31, 2019. The loan is payable in monthly installments of \$ 4,064, including interest at prime less .75% (4.00% at December 31, 2019) through August 2022.	119,474 849,002	162,073 1,003,608
Less: Current Maturities	157,446	153,902
	\$ 691,556	\$ 849,706

Future principal payments on the note payable are as follows:

2020.....	\$ 157,446
2021.....	160,020
2022.....	531,536
	\$ 849,002

Interest charged to expense for the years ended December 31, 2019 and 2018, was \$ 43,956 and \$ 59,718, respectively.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE H - NET ASSETS

Net assets consist of the following:

	2019	2018
Without Donor Restrictions		
Undesignated	\$ 23,504,533	\$ 24,337,919
Designated by Board for Endowment	5,585,965	5,120,202
Designated by Board for Operations	207,000	196,400
Designated by Board for Debt Repayment	268,092	303,151
Designated by Board for Future		
Operations	1,942,791	1,272,320
Total without Donor Restrictions	31,508,381	31,229,992
With Donor Restrictions		
Perpetual in Nature.....	97,847	82,616
Time-Restricted for Future Periods	53,969	240,877
Total with Donor Restrictions.....	151,816	323,493
Total Net Assets.....	\$ 31,660,197	\$ 31,553,485

Net assets released from donor restrictions are as follows:

	2019	2018
For operations:		
Satisfaction of Purpose Restrictions	\$ 348,585	\$ 415,913
Passage of Time Restrictions	61,854	50,676
Total for Operations	410,439	466,589
Capital Assets Placed in Service	3,530	192,623
Total Net Assets with Donor		
Restrictions Released.....	\$ 413,969	\$ 659,212

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 \$ 65,265 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.

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.

NATURAL HISTORY MUSEUM OF THE ADIRONDACKS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE I - ENDOWMENT FUNDS (Continued)

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, 2019 and 2018 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, January 1, 2018	\$ 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	5,316,602	73,316	5,389,918
Investment Return, Net	1,112,763	9,566	1,122,329
Contributions	20,000	5,665	25,665
Appropriation of Endowment Assets for Operations	<u>(656,400)</u>	<u>-</u>	<u>(656,400)</u>
Endowment Net Assets, December 31, 2019	<u>\$ 5,792,965</u>	<u>\$ 88,547</u>	<u>\$ 5,881,512</u>

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 \$ 47,786 in 2019 and \$ 50,367 in 2018.

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, 2019 and 2018, were \$ 482,796 and \$ 562,819, respectively.

NOTE L - RECLASSIFICATIONS

Certain amounts in the 2018 financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.