

PARKS & TRAILS NEW YORK, INC.

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

PARKS & TRAILS NEW YORK, INC.

TABLE OF CONTENTS
JUNE 30, 2018 AND 2017

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Cash Flows	6
Statements of Functional Expenses	7-8
Notes to Financial Statements	9-15

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Parks & Trails New York, Inc.
Albany, New York 12207

We have audited the accompanying financial statements of Parks & Trails New York, Inc. (the "Organization") a nonprofit organization which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, cash flows and functional and other expenses 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

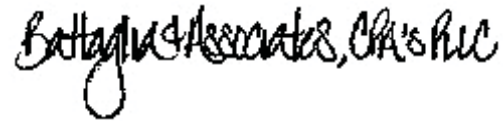
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Parks & Trails New York, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Battaglia & Associates, CPA's PLLC". The signature is written in a cursive, flowing style.

BATTAGLIA & ASSOCIATES CPA'S PLLC

Halfmoon, New York
December 18, 2018

PARKS & TRAILS NEW YORK, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and Cash Equivalents	\$ 506,912	\$ 536,581
Restricted Cash	3,887	4,387
Grants and Accounts Receivable	101,275	95,060
Prepaid Expenses	<u>152,908</u>	<u>81,156</u>
Total Current Assets	<u>764,982</u>	<u>717,184</u>
Property and Equipment		
Furniture and Equipment	126,571	126,571
Less: Accumulated Depreciation	<u>113,760</u>	<u>105,724</u>
Property and Equipment, Net	<u>12,811</u>	<u>20,847</u>
Investments	<u>586,618</u>	<u>565,004</u>
Total Assets	<u>\$ 1,364,411</u>	<u>\$ 1,303,035</u>

Liabilities and Net Assets

Current Liabilities		
Accounts Payable	\$ 14,681	\$ 8,044
Accrued Expenses	4,808	4,412
Fiduciary Funds	3,887	4,387
Compensated Absences	9,529	15,355
Deferred Revenue	<u>42,142</u>	<u>45,476</u>
Total Current Liabilities	<u>75,047</u>	<u>77,674</u>
Net Assets		
Unrestricted Net Assets	585,488	568,225
Temporarily Restricted	<u>703,876</u>	<u>657,136</u>
Total Net Assets	<u>1,289,364</u>	<u>1,225,361</u>
Total Liabilities and Net Assets	<u>\$ 1,364,411</u>	<u>\$ 1,303,035</u>

PARKS & TRAILS NEW YORK, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, Revenue and Reclassifications			
Membership Dues	\$ 66,561	\$ -	\$ 66,561
Individual Contributions	204,161	-	204,161
Grants	667,520	15,000	682,520
Program Revenue	77,718	470,502	548,220
Foundation/Corporate Contributions	113,693	65,750	179,443
Interest	17,756	-	17,756
Realized Gain on Investments	674	-	674
Unrealized Gain on Investments	6,279	-	6,279
Net Assets Released from Restrictions	<u>504,512</u>	<u>(504,512)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>1,658,874</u>	<u>46,740</u>	<u>1,705,614</u>
Expenses			
Program Services			
Conservation, Technical Assistance & Advocacy	1,171,579	-	1,171,579
Public Education	199,764	-	199,764
Membership	94,006	-	94,006
Total Program Services	<u>1,465,349</u>	<u>-</u>	<u>1,465,349</u>
Supporting Services			
Management and General	82,256	-	82,256
Fund Raising	94,006	-	94,006
Total Supporting Services	<u>176,262</u>	<u>-</u>	<u>176,262</u>
Total Expenses	<u>1,641,611</u>	<u>-</u>	<u>1,641,611</u>
Increase in Net Assets	17,263	46,740	64,003
Net Assets, Beginning of Year	<u>568,225</u>	<u>657,136</u>	<u>1,225,361</u>
Net Assets, End of Year	<u>\$ 585,488</u>	<u>\$ 703,876</u>	<u>\$ 1,289,364</u>

PARKS & TRAILS NEW YORK, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support, Revenue and Reclassifications			
Membership Dues	\$ 53,955	\$ -	\$ 53,955
Individual Contributions	203,086	-	203,086
Grants	411,825	10,000	421,825
Program Revenue	102,305	460,134	562,439
Foundation/Corporate Contributions	97,837	71,750	169,587
Interest	14,074	-	14,074
Realized Loss on Investments	16,939	-	16,939
Unrealized Gain on Investments	1,992	-	1,992
Net Assets Released from Restrictions	<u>418,914</u>	<u>(418,914)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>1,320,927</u>	<u>122,970</u>	<u>1,443,897</u>
Expenses			
Program Services			
Conservation, Technical Assistance & Advocacy	939,520	-	939,520
Public Education	199,318	-	199,318
Membership	<u>93,796</u>	<u>-</u>	<u>93,796</u>
Total Program Services	<u>1,232,634</u>	<u>-</u>	<u>1,232,634</u>
Supporting Services			
Management and General	82,073	-	82,073
Fund Raising	<u>93,800</u>	<u>-</u>	<u>93,800</u>
Total Supporting Services	<u>175,873</u>	<u>-</u>	<u>175,873</u>
Total Expenses	<u>1,408,507</u>	<u>-</u>	<u>1,408,507</u>
Increase (Decrease) in Net Assets	(87,580)	122,970	35,390
Net Assets, Beginning of Year	<u>655,805</u>	<u>534,166</u>	<u>1,189,971</u>
Net Assets, End of Year	<u>\$ 568,225</u>	<u>\$ 657,136</u>	<u>\$ 1,225,361</u>

PARKS & TRAILS NEW YORK, INC.
STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Increase in Net Assets	\$ 64,003	\$ 35,390
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	8,036	8,243
Realized Gain on Investments	(674)	(16,939)
Unrealized Gain on Investments	(6,279)	(1,992)
(Increase) Decrease in Assets		
Grants and Accounts Receivable	(6,215)	(1,930)
Prepaid Expenses	(71,752)	34,216
Increase (Decrease) in Liabilities		
Accounts Payable	6,637	(389)
Accrued Expenses	396	(2,776)
Compensated Absences	(5,826)	1,221
Deferred Revenue	<u>(3,334)</u>	<u>(226,351)</u>
Net Cash Used In Operating Activities	<u>(15,008)</u>	<u>(171,307)</u>
Cash Flows Used In Investing Activities		
Purchase of Property and Equipment	-	(4,912)
Proceeds from Investments Sold	22,358	425,216
Purchase of Investments	<u>(37,019)</u>	<u>(431,330)</u>
Net Cash Used In Investing Activities	<u>(14,661)</u>	<u>(11,026)</u>
Decrease in Cash	(29,669)	(182,333)
Cash and Cash Equivalents, Beginning of Year	<u>536,581</u>	<u>718,914</u>
Cash and Cash Equivalents, End of Year	<u>\$ 506,912</u>	<u>\$ 536,581</u>

PARKS & TRAILS NEW YORK, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Conservation Technical Assistance and Advocacy</u>	<u>Public Education</u>	<u>Membership</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	
Subrecipient Awards	\$ 450,000	\$ -	-	450,000	-	-	-	450,000
Conferences and Meetings	16,530	-	-	16,530	-	-	-	16,530
Salaries, Taxes and Benefits	369,224	104,614	49,230	523,068	43,076	49,230	92,306	615,374
Special Events	201,139	56,989	26,818	284,946	23,466	26,819	50,285	335,231
Professional, Outside Services	15,632	4,429	2,084	22,145	1,824	2,084	3,908	26,053
Occupancy Expense	14,649	4,151	1,953	20,753	1,709	1,953	3,662	24,415
Printing	12,154	3,444	1,621	17,219	1,418	1,620	3,038	20,257
Travel	9,815	2,781	1,309	13,905	1,145	1,309	2,454	16,359
Telephone	5,948	1,685	793	8,426	694	793	1,487	9,913
Postage	20,751	5,879	2,767	29,397	2,421	2,767	5,188	34,585
Depreciation	4,822	1,366	643	6,831	563	642	1,205	8,036
Repairs and Maintenance	2,230	632	297	3,159	260	297	557	3,716
Office/Supply Expense	48,685	13,794	6,491	68,970	5,680	6,492	12,172	81,142
	<u>\$ 1,171,579</u>	<u>\$ 199,764</u>	<u>\$ 94,006</u>	<u>\$ 1,465,349</u>	<u>\$ 82,256</u>	<u>\$ 94,006</u>	<u>\$ 176,262</u>	<u>\$ 1,641,611</u>

See accompanying notes and independent auditor's report.

PARKS & TRAILS NEW YORK, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program Services</u>				<u>Supporting Services</u>			
	<u>Conservation Technical Assistance and Advocacy</u>	<u>Public Education</u>	<u>Membership</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
Subrecipient Awards	\$ 236,040	\$ -	\$ -	\$ 236,040	\$ -	\$ -	\$ -	\$ 236,040
Salaries, Taxes and Benefits	363,060	102,867	48,408	514,335	42,357	48,408	90,765	605,100
Special Events	186,865	52,945	24,915	264,725	21,801	24,915	46,716	311,441
Professional, Outside Services	26,918	7,627	3,589	38,134	3,140	3,590	6,730	44,864
Occupancy Expense	14,352	4,066	1,914	20,332	1,674	1,914	3,588	23,920
Printing	18,880	5,349	2,517	26,746	2,203	2,517	4,720	31,466
Travel	8,835	2,503	1,178	12,516	1,031	1,178	2,209	14,725
Telephone	5,671	1,607	756	8,034	662	756	1,418	9,452
Postage	24,260	6,874	3,235	34,369	2,830	3,235	6,065	40,434
Depreciation	4,946	1,401	659	7,006	577	660	1,237	8,243
Repairs and Maintenance	1,533	434	204	2,171	179	205	384	2,555
Office/Supply Expense	48,160	13,645	6,421	68,226	5,619	6,422	12,041	80,267
	<u>\$ 939,520</u>	<u>\$ 199,318</u>	<u>\$ 93,796</u>	<u>\$ 1,232,634</u>	<u>\$ 82,073</u>	<u>\$ 93,800</u>	<u>\$ 175,873</u>	<u>\$ 1,408,507</u>

See accompanying notes and independent auditor's report.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Parks & Trails New York, Inc. (“the Organization”), is a statewide non-profit corporation whose mission is to expand, protect, and promote a network of parks, trails, and open spaces throughout the state for use and enjoyment by all.

Significant Accounting Policies

Reporting

The financial statements of the Organization follow the recommendations of Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit Organizations.” Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets, based on the existence of any externally (donor) imposed restrictions.

The net assets of the Organization are classified and reported as follows:

- Unrestricted net assets - Net assets not subject to donor or grantor imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor or grantor stipulations that may or will be met by actions of the Organization and/or the passage of time.

There are no permanently restricted net assets as of June 30, 2018 and 2017.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

Cash Equivalents

The Organization considers highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash equivalents consist of money market mutual funds.

Accounts Receivable

The Organization utilizes the allowance method to determine the allowance for doubtful accounts. At June 30, 2018 and 2017 management determined no allowance was necessary based upon their review of the specific receivables and prior history.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at acquisition cost and depreciated on a straight line basis over their estimated useful lives, ranging from five to seven years.

Investments

Investments consist primarily of assets invested in marketable equity and debt securities, and money-market accounts. The Organization accounts for investments in accordance with FASB standard for investments held by not-for-profit organizations (ASC 958-320 and subsections). This standard requires that investments in equity securities with readily determined fair values and all investments in debt securities be measured at fair value in the Statement of Financial Position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the Statement of Activities.

Investments are exposed to various risks such as significant world events, interest rates, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributed Services and Goods

No amounts have been reflected in the financial statements for donated services. The Organization pays for services requiring specific expertise; however many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific program areas, campaign solicitations and fund raising events. The Organization estimates that it receives approximately 3,500 volunteer hours per year.

Fair Value Measurement

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in effort to make the measurement of fair value more consistent and comparable. The Organization has adopted this standard for its financial assets and liabilities measured on a recurring and nonrecurring basis.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e., an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Common stock and equity traded funds - Valued at the closing market price on the stock exchange where they are traded.

Bank certificates and money market funds - Composed of bank certificates and money market mutual funds invested in various financial institutions. The money market funds seek to maintain a stable net asset value (“NAV”) of \$1. Funds invested in bank certificates are valued based on value of deposited funds and net interest earnings less withdrawals and fees, if any.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)

Community Foundation - The Organization partnered with the Community Foundation to establish an agency reserve fund. This partnership allows the Organization to transfer funds as well as provide options for donors to give donations or legacy gifts. This fund is to be administered by professional managers for the benefit of the Organization and to assist with an investment program. The income available from the fund shall be available to the Organization for the general purposes of promoting and conducting the Organization’s program. Investments held by the Community Foundation are valued at fair value based on the closing price for securities listed on a securities exchange, the closing bid or ask price for over-the-counter securities not listed on a securities exchange, or at cost or obtained from an independent pricing service for securities not listed or traded on any exchange or on the over-the-counter market.

Level 3: Significant unobservable inputs (including the Organization’s own assumptions in determining the fair value of investments).

The Organization currently has no assets or liabilities that are measured using Level 3 inputs.

Subsequent Events

Management has evaluated subsequent events or transactions occurring through December 18, 2018, the date the financial statements were available to be issued. No such events or transactions were identified.

2. CONCENTRATION OF CREDIT RISK

The Organization's cash deposits exceeded the Federal Deposit Insurance Corporation limits at various times during the fiscal year ended June 30, 2018 and 2017. The Organization believes it is not exposed to any significant credit risk on its cash balances.

3. PREPAID EXPENSES

Prepaid expenses consist primarily of expenses that relate to two annual bike tours which take place shortly after the Organization's fiscal year-end.

Prepaid expenses consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Bike Tours		
Consultants	\$ 19,848	\$ 18,000
Printing Expense	2,139	1,984
Postage Expense	9,840	8,512
Travel	2,843	13,858
Cyclist Direct Expenses	107,412	24,173
Rent	1,490	1,469
Parking	278	139
Website	636	336
Software License	-	9,200
Insurance	3,451	3,485
Employee Benefits	3,664	-
Supplies	1,307	-
Total	<u>\$ 152,908</u>	<u>\$ 81,156</u>

PARKS & TRAILS NEW YORK, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2018 AND 2017

4. INVESTMENTS

The Organization's investments at June 30, 2018 and 2017 that are measured at fair value on a recurring basis are as follows:

	2018					
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>	<u>Total Cost</u>	<u>Unrealized Gain</u>
Money Market Funds	\$ 114,231	\$ -	\$ -	\$ 114,231	\$ 114,231	\$ -
Mutual Funds and Equity Traded Funds	444,483	-	-	444,483	435,183	9,300
Community Foundation Fund	-	27,544	-	27,544	28,419	(875)
Total	<u>\$ 558,714</u>	<u>\$ 27,544</u>	<u>\$ -</u>	<u>\$ 586,258</u>	<u>\$ 577,833</u>	<u>\$ 8,425</u>

	2017					
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>	<u>Total Cost</u>	<u>Unrealized Gain (Loss)</u>
Money Market Funds	\$ 112,810	\$ -	\$ -	\$ 112,810	\$ 112,810	\$ -
Mutual Funds and Equity Traded Funds	432,397	-	-	432,397	426,445	5,952
Community Foundation Fund	-	19,797	-	19,797	19,695	102
Total	<u>\$ 545,207</u>	<u>\$ 19,797</u>	<u>\$ -</u>	<u>\$ 565,004</u>	<u>\$ 558,950</u>	<u>\$ 6,054</u>

6. LINE OF CREDIT

The Organization has a \$50,000 line of credit with a local financial institution, of which \$0 was outstanding at June 30, 2018 and 2017. The note requires interest at prime plus 1.5% (6.5% at June 30, 2018). The note is collateralized by substantially all the working assets of the Organization.

5. PENSION PLAN

The Organization has a Single Employer, 403(B) Pension Plan covering all eligible employees. The plan is a non-contributory money purchase plan that requires the Association to make contributions equal to 5% of each participant's annual compensation. Pension expense for the years ended June 30, 2018 and 2017 was \$19,204 and \$16,751, respectively.

7. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing programs and supporting services has been summarized on a functional basis in the statement of activities for the years ended June 30, 2018 and 2017. Accordingly, certain costs have been allocated among the programs and supporting services benefitted from these expenditures, based on an employee time study updated annually.

8. LEASE COMMITMENTS

The Organization leases office space under an operating lease through August 2022. Current lease terms include monthly lease payments of \$1,469 plus escalation clauses for operating expenses and utilities, increasing to \$1,565 in September 2018. Lease expense for the years ending June 30, 2018 and 2017 was \$17,817 and \$17,570, respectively

Future minimum annual obligations under the office lease are as follows:

Year Ended June 30:

2019	\$ 18,588
2020	18,780
2021	19,240
2022	3,222

9. INCOME TAX STATUS

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been designated as a publicly supported organization which is not a private foundation under Code Section 509(a).

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets primarily relate to participant revenue received from the annual bike tours held shortly after the end of the Organization's fiscal year ended June 30, 2018 and 2017. When the event is completed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

11. RESTRICTED CASH

The Organization acts as an administrative support agency for certain charities with similar purposes. The cash held in trust for these entities is shown as restricted cash with an offsetting liability on the Statement of Financial Position. Restricted cash balances at June 30, 2018 and 2017 was \$3,887 and \$4,387, respectively.

12. ACCRUED COMPENSATION ABSENCES

ASC 710 - Compensation, requires that, under certain circumstances, compensated absences be accrued in the period of the employee's service to the employer. Vacation for the Organization's employees does vest under certain circumstances and, accordingly, the following amounts have been provided for in the compensated absences line item in these financial statements for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Vacation	<u>\$ 9,529</u>	<u>\$ 15,355</u>

13. CONTINGENCIES

Substantially all grant contractual agreements are subject to financial and compliance audits by the contractor. Disallowances, if any, as a result of these audits may be liabilities of the Organization. Management believes that no material disallowance will result from audits by the contractor.