

***PARKS & TRAILS NEW YORK, INC.***

***FINANCIAL STATEMENTS***

***JUNE 30, 2022 AND 2021***

***PARKS & TRAILS NEW YORK, INC.***

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*JUNE 30, 2022 AND 2021*

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying financial statements of Parks & Trails New York, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parks & Trails New York, Inc. as of June 30, 2022 and 2021, 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.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

## **Auditor's Responsibility for the Audit of the Financial Statements**

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Parks & Trails New York, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Parks & Trails New York, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



**BATTAGLIA & ASSOCIATES CPA'S PLLC**

**PARKS & TRAILS NEW YORK, INC.**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

| <u>Assets</u>                  | <u>2022</u>         | <u>2021</u>         |
|--------------------------------|---------------------|---------------------|
| Current Assets                 |                     |                     |
| Cash and Cash Equivalents      | \$ 1,384,782        | \$ 842,262          |
| Restricted Cash                | 2,674               | 4,138               |
| Grants and Accounts Receivable | 106,695             | 81,483              |
| Deferred Bike Tour Expenses    | 169,648             | 74,212              |
| Prepaid Expenses               | 21,066              | 19,850              |
| Total Current Assets           | <u>1,684,865</u>    | <u>1,021,945</u>    |
| Property and Equipment         |                     |                     |
| Furniture and Equipment        | 130,304             | 129,924             |
| Less: Accumulated Depreciation | <u>124,741</u>      | <u>125,955</u>      |
| Property and Equipment, Net    | <u>5,563</u>        | <u>3,969</u>        |
| Investments                    | <u>675,536</u>      | <u>783,899</u>      |
| Total Assets                   | <u>\$ 2,365,964</u> | <u>\$ 1,809,813</u> |

**Liabilities and Net Assets**

|                                  |                     |                     |
|----------------------------------|---------------------|---------------------|
| Current Liabilities              |                     |                     |
| Accounts Payable                 | \$ 27,292           | \$ 40,483           |
| Accrued Expenses                 | 11,422              | 7,416               |
| Fiduciary Funds                  | 2,674               | 4,138               |
| Compensated Absences             | 27,383              | 32,859              |
| Deferred Revenue Bike Tour       | 652,008             | 371,187             |
| Other Deferred Revenue           | <u>624,474</u>      | <u>227,553</u>      |
| Total Current Liabilities        | <u>1,345,253</u>    | <u>683,636</u>      |
| Net Assets                       |                     |                     |
| Without Donor Restrictions       | 839,362             | 893,921             |
| With Donor Restrictions          | <u>181,349</u>      | <u>232,256</u>      |
| Total Net Assets                 | <u>1,020,711</u>    | <u>1,126,177</u>    |
| Total Liabilities and Net Assets | <u>\$ 2,365,964</u> | <u>\$ 1,809,813</u> |

**PARKS & TRAILS NEW YORK, INC.**

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

|  | <b><u>Without Donor<br/>Restrictions</u></b> | <b><u>With Donor<br/>Restrictions</u></b> | <b><u>Total</u></b> |
|--|--|---|---------------------|
| Support, Revenue and Reclassifications           |  |   |                     |
| Membership Dues                                  | \$ 74,003                                    | \$ -                                      | \$ 74,003           |
| Individual Contributions                         | 238,294                                      | -   | 238,294             |
| Grants   | 885,481                                      | -   | 885,481             |
| Program Revenue                                  | 472,776                                      | -   | 472,776             |
| Foundation/Corporate Contributions               | 290,079                                      | -   | 290,079             |
| Investment Income, Net                           | (113,891)                                    | -   | (113,891)           |
| Net Assets Released from Restrictions            | <u>50,907</u>                                | <u>(50,907)</u>                           | <u>-</u>            |
| Total Support, Revenue and<br>Reclassifications  | <u>1,897,649</u>                             | <u>(50,907)</u>                           | <u>1,846,742</u>    |
| Expenses   |  |   |                     |
| Program Services                                 |  |   |                     |
| Conservation, Technical Assistance<br>& Advocacy | 1,361,679                                    | -   | 1,361,679           |
| Public Education                                 | 336,628                                      | -   | 336,628             |
| Membership                                       | <u>87,650</u>                                | <u>-</u>                                  | <u>87,650</u>       |
| Total Program Services                           | <u>1,785,957</u>                             | <u>-</u>                                  | <u>1,785,957</u>    |
| Supporting Services                              |  |   |                     |
| Management and General                           | 78,701                                       | -   | 78,701              |
| Fund Raising                                     | <u>87,550</u>                                | <u>-</u>                                  | <u>87,550</u>       |
| Total Supporting Services                        | <u>166,251</u>                               | <u>-</u>                                  | <u>166,251</u>      |
| Total Expenses                                   | <u>1,952,208</u>                             | <u>-</u>                                  | <u>1,952,208</u>    |
| Decrease in Net Assets                           | (54,559)                                     | (50,907)                                  | (105,466)           |
| Net Assets, Beginning of Year                    | <u>893,921</u>                               | <u>232,256</u>                            | <u>1,126,177</u>    |
| Net Assets, End of Year                          | <u>\$ 839,362</u>                            | <u>\$ 181,349</u>                         | <u>\$ 1,020,711</u> |

**PARKS & TRAILS NEW YORK, INC.**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

|  | <b><u>Without Donor<br/>Restrictions</u></b> | <b><u>With Donor<br/>Restrictions</u></b> | <b><u>Total</u></b> |
|--|--|---|---------------------|
| Support, Revenue and Reclassifications           |  |   |                     |
| Membership Dues                                  | \$ 61,918                                    | \$ -                                      | \$ 61,918           |
| Individual Contributions                         | 217,943                                      | -   | 217,943             |
| Grants   | 1,183,093                                    | -   | 1,183,093           |
| Program Revenue                                  | 78,190                                       | -   | 78,190              |
| Foundation/Corporate Contributions               | 142,244                                      | -   | 142,244             |
| Investment Income, Net                           | 137,066                                      | -   | 137,066             |
| Net Assets Released from Restrictions            | <u>10,680</u>                                | <u>(10,680)</u>                           | <u>-</u>            |
| Total Support, Revenue and<br>Reclassifications  | <u>1,831,134</u>                             | <u>(10,680)</u>                           | <u>1,820,454</u>    |
| Expenses   |  |   |                     |
| Program Services                                 |  |   |                     |
| Conservation, Technical Assistance<br>& Advocacy | 1,385,847                                    | -   | 1,385,847           |
| Public Education                                 | 176,191                                      | -   | 176,191             |
| Membership                                       | <u>75,447</u>                                | <u>-</u>                                  | <u>75,447</u>       |
| Total Program Services                           | <u>1,637,485</u>                             | <u>-</u>                                  | <u>1,637,485</u>    |
| Supporting Services                              |  |   |                     |
| Management and General                           | 66,544                                       | -   | 66,544              |
| Fund Raising                                     | <u>75,447</u>                                | <u>-</u>                                  | <u>75,447</u>       |
| Total Supporting Services                        | <u>141,991</u>                               | <u>-</u>                                  | <u>141,991</u>      |
| Total Expenses                                   | <u>1,779,476</u>                             | <u>-</u>                                  | <u>1,779,476</u>    |
| Increase in Net Assets                           | 51,658                                       | (10,680)                                  | 40,978              |
| Net Assets, Beginning of Year, as Restated       | <u>842,263</u>                               | <u>242,936</u>                            | <u>1,085,199</u>    |
| Net Assets, End of Year,                         | <u>\$ 893,921</u>                            | <u>\$ 232,256</u>                         | <u>\$ 1,126,177</u> |

**PARKS & TRAILS NEW YORK, INC.**  
*STATEMENTS OF CASH FLOWS*  
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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|  | <u>2022</u>         | <u>2021</u>       |
|--|---------------------|-------------------|
| Cash Flows From Operating Activities   |                     |                   |
| Increase (Decrease) in Net Assets  | \$ (105,466)        | \$ 40,978         |
| Adjustments to Reconcile Increase in Net Assets<br>to Net Cash Provided by Operating Activities: |                     |                   |
| Depreciation   | 2,469               | 3,382             |
| Realized Gain on Investments   | (14,074)            | (13,495)          |
| Unrealized Gain (Loss) on Investments  | 147,400             | (113,172)         |
| Decrease in Assets   |                     |                   |
| Grants and Accounts Receivable   | (25,212)            | (46,287)          |
| Deferred Bike Tour Expenses  | (95,436)            | (38,824)          |
| Prepaid Expenses   | (1,216)             | (9,280)           |
| Increase (Decrease) in Liabilities   |                     |                   |
| Accounts Payable   | (13,191)            | 37,179            |
| Accrued Expenses   | 4,006               | 3,274             |
| Compensated Absences   | (5,476)             | 12,380            |
| Deferred Revenue Bike Tour   | 280,821             | 265,506           |
| Other Deferred Revenue   | <u>396,921</u>      | <u>188,203</u>    |
| Net Cash Provided By Operating Activities  | <u>571,546</u>      | <u>329,844</u>    |
| Cash Flows Used In Investing Activities  |                     |                   |
| Purchase of Property and Equipment   | (4,063)             | (535)             |
| Proceeds from Investments Sold   | 71,149              | 91,357            |
| Purchase of Investments  | <u>(96,112)</u>     | <u>(99,759)</u>   |
| Net Cash Used In Investing Activities  | <u>(29,026)</u>     | <u>(8,937)</u>    |
| Increase in Cash   | 542,520             | 320,907           |
| Cash and Cash Equivalents, Beginning of Year   | <u>842,262</u>      | <u>521,355</u>    |
| Cash and Cash Equivalents, End of Year   | <u>\$ 1,384,782</u> | <u>\$ 842,262</u> |



**PARKS & TRAILS NEW YORK, INC.**

*STATEMENT OF FUNCTIONAL EXPENSES*

*FOR THE YEAR ENDED JUNE 30, 2022*

|                                   | <u>Program Services</u>   |                             |                   | <u>Supporting Services</u>            |                                   |                         |                           |
|-----------------------------------|---|-----------------------------|-------------------|---------------------------------------|-----------------------------------|-------------------------|---------------------------|
|                                   | <u>Conservation<br/>Technical<br/>Assistance<br/>and Advocacy</u> | <u>Public<br/>Education</u> | <u>Membership</u> | <u>Total<br/>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fund<br/>Raising</u> | <u>Total<br/>Expenses</u> |
| Subrecipient Awards               | \$ 554,421  | \$ -                        | -                 | 554,421                               | -                                 | -                       | 554,421                   |
| Salaries, Taxes and<br>Benefits   | 493,760   | 139,899                     | 65,935            | 699,594                               | 57,504                            | 65,835                  | 822,933                   |
| Bike Tour Event                   | 150,587   | 150,586                     | -                 | 301,173                               | -                                 | -                       | 301,173                   |
| Professional, Outside<br>Services | 23,350  | 6,616                       | 3,113             | 33,079                                | 2,725                             | 3,113                   | 38,917                    |
| Insurance                         | 1,349   | 383                         | 180               | 1,912                                 | 912                               | 180                     | 3,004                     |
| Occupancy Expense                 | 12,104  | 3,430                       | 1,614             | 17,148                                | 1,412                             | 1,614                   | 20,174                    |
| Printing                          | 21,786  | 6,173                       | 2,905             | 30,864                                | 2,541                             | 2,905                   | 36,310                    |
| Travel                            | 9,507   | 2,694                       | 1,268             | 13,469                                | 1,108                             | 1,268                   | 15,845                    |
| Telephone                         | 6,950   | 1,969                       | 927               | 9,846                                 | 810                               | 927                     | 11,583                    |
| Postage                           | 22,740  | 6,443                       | 3,032             | 32,215                                | 2,653                             | 3,032                   | 37,900                    |
| Depreciation                      | 1,481   | 420                         | 198               | 2,099                                 | 172                               | 198                     | 2,469                     |
| Repairs and Maintenance           | 2,578   | 730                         | 344               | 3,652                                 | 300                               | 344                     | 4,296                     |
| Office/Supply Expense             | 61,066  | 17,285                      | 8,134             | 86,485                                | 7,058                             | 8,134                   | 101,677                   |
| Miscellaneous                     | -   | -                           | -                 | -                                     | 1,506                             | -                       | 1,506                     |
|                                   | <u>\$ 1,361,679</u>   | <u>\$ 336,628</u>           | <u>\$ 87,650</u>  | <u>\$ 1,785,957</u>                   | <u>\$ 78,701</u>                  | <u>\$ 87,550</u>        | <u>\$ 1,952,208</u>       |

**PARKS & TRAILS NEW YORK, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

|                                   | <u>Program Services</u>   |                             |                   | <u>Supporting Services</u>            |                                   |                         |                           |
|-----------------------------------|---|-----------------------------|-------------------|---------------------------------------|-----------------------------------|-------------------------|---------------------------|
|                                   | <u>Conservation<br/>Technical<br/>Assistance<br/>and Advocacy</u> | <u>Public<br/>Education</u> | <u>Membership</u> | <u>Total<br/>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fund<br/>Raising</u> | <u>Total<br/>Expenses</u> |
| Subrecipient Awards               | \$ 804,132  | \$ -                        | -                 | 804,132                               | -                                 | -                       | 804,132                   |
| Salaries, Taxes and<br>Benefits   | 443,686   | 125,711                     | 59,158            | 628,555                               | 51,763                            | 59,158                  | 739,476                   |
| Bike Tour Event                   | 15,870  | 15,869                      | -                 | 31,739                                | -                                 | -                       | 31,739                    |
| Professional, Outside<br>Services | 15,568  | 4,411                       | 2,076             | 22,055                                | 1,815                             | 2,076                   | 25,946                    |
| Insurance                         | 2,855   | 809                         | 381               | 4,045                                 | 863                               | 381                     | 5,289                     |
| Occupancy Expense                 | 12,779  | 3,621                       | 1,704             | 18,104                                | 1,491                             | 1,704                   | 21,299                    |
| Printing                          | 27,753  | 7,863                       | 3,700             | 39,316                                | 3,239                             | 3,700                   | 46,255                    |
| Travel                            | 3,406   | 965                         | 454               | 4,825                                 | 397                               | 454                     | 5,676                     |
| Telephone                         | 6,950   | 1,969                       | 927               | 9,846                                 | 811                               | 927                     | 11,584                    |
| Postage                           | 22,162  | 6,279                       | 2,955             | 31,396                                | 2,585                             | 2,955                   | 36,936                    |
| Depreciation                      | 2,029   | 575                         | 271               | 2,875                                 | 236                               | 271                     | 3,382                     |
| Repairs and Maintenance           | 2,073   | 587                         | 276               | 2,936                                 | 243                               | 276                     | 3,455                     |
| Office/Supply Expense             | 26,584  | 7,532                       | 3,545             | 37,661                                | 3,101                             | 3,545                   | 44,307                    |
|                                   | <u>\$ 1,385,847</u>   | <u>\$ 176,191</u>           | <u>\$ 75,447</u>  | <u>\$ 1,637,485</u>                   | <u>\$ 66,544</u>                  | <u>\$ 75,447</u>        | <u>\$ 1,779,476</u>       |

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Organization*

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.

*Basis of Presentation*

The financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During 2018, the Council adopted the provisions of Accounting Standards Update (“ASU”) 2016-14: Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the financial statements and notes about the Organization’s liquidity, financial performance, and cash flows.

*Use of Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash Equivalents*

The Organization considers highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

*Accounts Receivable*

The Organization utilizes the allowance method to determine the allowance for doubtful accounts. At June 30, 2022 and 2021 management determined no allowance was necessary based upon their review of the specific receivables and prior history.

*Property and Equipment*

Property and equipment are stated at cost. Maintenance and repairs are charged to operations when incurred. Betterments and renewals of \$500 or more are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in the change in net assets. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to seven years.

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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.

*Revenue Recognition*

The Organization recognizes revenue from sales of advisory and training products and services when the performance obligations of transferring the products and providing the services are met.

The Organization holds an annual program-related bike tour from Buffalo to Albany along the historic Erie Canalway Trail where the performance obligation is delivery of the program. Fees for the bike tour are set by the Organization and include; program supplies, meals, lodging and transportation. The Organization received advanced bike tour fees of \$652,008 and \$371,187 that have not been recognized at June 30, 2022 and 2021, respectively.

Membership dues are comprised of an exchange element based on the benefits received, and are recognized over the membership period. The Organization received membership dues of \$41,218 and \$44,499 that have not been recognized at June 30, 2022 and 2021, respectively.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Organization received grant revenue of \$548,556 and \$183,054 that has not been recognized at June 30, 2022 and 2021, because qualifying expenditures have not yet been incurred.

*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 3,300 volunteer hours per year.

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Functional Allocation of Expense*

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Functional and Other Expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Organization providing those services.

*Advertising*

Advertising costs are expensed as incurred, if applicable.

*Income Taxes*

The Organization is a non-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and therefore is exempt from federal and state income taxes. The Organization is subject to federal income tax on any unrelated business taxable income. The Organization evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. No uncertain tax positions were identified by the Organization as of June 30, 2022 and 2021.

The Organization's policy is to classify income tax penalties and interest as interest expense in its financial statements. During the years ended June 30, 2022 and 2021, respectively, the Organization incurred no penalties and interest. The Organization's Federal Return of Organizations Exempt from Income Tax (Forms 990) are subject to examination by the IRS, generally for the three years after they were filed.

*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.

*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.**

*Mutual funds and equity traded products* - 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.

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Fair Value Measurement (Continued)*

**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 19, 2022, the date the financial statements were available to be issued. No such events or transactions were identified.

**2. LIQUIDITY AND AVAILABILITY OF FUNDS**

The Organization’s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

|   | <u>2022</u>        | <u>2021</u>         |
|---|--------------------|---------------------|
| Cash and Cash Equivalents   | \$ 1,384,782       | \$ 842,262          |
| Accounts Receivable   | 106,695            | 81,483              |
| Investments   | 675,536            | 783,899             |
| Less: Deferred Revenue  | <u>(1,276,482)</u> | <u>(598,740)</u>    |
| Total Financial Assets Available to Meet General Expenditures Within the Next 12 Months | <u>\$ 890,531</u>  | <u>\$ 1,108,904</u> |

To help manage unanticipated liquidity needs, the Organization has a \$50,000 available line of credit, which it could draw upon.

**3. 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, 2022 and 2021. The Organization believes it is not exposed to any significant credit risk on its cash balances.

**4. 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, 2022 and 2021 was \$2,674 and \$4,138, respectively.

**5. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30,

|                                | <u>2022</u>     | <u>2021</u>     |
|--------------------------------|-----------------|-----------------|
| Furniture and Equipment        | \$ 130,304      | \$ 129,924      |
| Less: Accumulated Depreciation | 124,741         | 125,955         |
| Property and Equipment, Net    | <u>\$ 5,563</u> | <u>\$ 3,969</u> |

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to \$2,469 and \$3,382, respectively.

**6. INVESTMENTS**

Investments at June 30, 2022 and 2021 are composed of the following:

|   | <u>2022</u>       | <u>2021</u>       |
|---|-------------------|-------------------|
| Mutual Funds and Exchange Traded Products | \$ 630,834        | \$ 737,316        |
| Community Foundation Fund                 | 44,702            | 46,583            |
| Total Investments                         | <u>\$ 675,536</u> | <u>\$ 783,899</u> |

The following schedule summarizes the investment return in the Statement of Activities for the year ended June 30, 2022 and 2021:

|                                       | <u>2022</u>         | <u>2021</u>       |
|---------------------------------------|---------------------|-------------------|
| Interest and Dividends                | \$ 24,690           | \$ 16,401         |
| Realized Gain on Investments          | 14,074              | 13,495            |
| Unrealized Gain (Loss) on Investments | (147,400)           | 113,172           |
| Investment Fees                       | (5,255)             | (6,002)           |
| Total Investment Return, Net          | <u>\$ (113,891)</u> | <u>\$ 137,066</u> |

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**7. 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, 2022 and 2021. The note requires interest paid at prime plus 1.5% (% at June 30, 2022). The note is collateralized by substantially all the working assets of the Organization.

**8. FAIR VALUE MEASUREMENT**

The Organization's investments at June 30, 2022 and 2021 that are measured at fair value on a recurring basis are as follows:

|                           | <b>2022</b>       |                  |                |                             |                       |                                   |
|---------------------------|-------------------|------------------|----------------|-----------------------------|-----------------------|-----------------------------------|
|                           | <u>Level 1</u>    | <u>Level 2</u>   | <u>Level 3</u> | <u>Total<br/>Fair Value</u> | <u>Total<br/>Cost</u> | <u>Unrealized<br/>Gain (Loss)</u> |
| Mutual Funds and          |                   |                  |                |                             |                       |                                   |
| Equity Traded Funds       | \$ 630,834        | \$ -             | \$ -           | \$ 630,834                  | \$ 634,405            | \$ (3,571)                        |
| Community Foundation Fund | -                 | 44,702           | -              | 44,702                      | 44,073                | 629                               |
| Total                     | <u>\$ 630,834</u> | <u>\$ 44,702</u> | <u>\$ -</u>    | <u>\$ 675,536</u>           | <u>\$ 678,478</u>     | <u>\$ (2,942)</u>                 |
|                           |                   |                  |                |                             |                       |                                   |
|                           | <b>2021</b>       |                  |                |                             |                       |                                   |
|                           | <u>Level 1</u>    | <u>Level 2</u>   | <u>Level 3</u> | <u>Total<br/>Fair Value</u> | <u>Total<br/>Cost</u> | <u>Unrealized<br/>Gain (Loss)</u> |
| Mutual Funds and          |                   |                  |                |                             |                       |                                   |
| Equity Traded Funds       | \$ 737,316        | \$ -             | \$ -           | \$ 737,316                  | \$ 601,699            | \$ 135,617                        |
| Community Foundation Fund | -                 | 46,583           | -              | 46,583                      | 37,742                | 8,841                             |
| Total                     | <u>\$ 737,316</u> | <u>\$ 46,583</u> | <u>\$ -</u>    | <u>\$ 783,899</u>           | <u>\$ 639,441</u>     | <u>\$ 144,458</u>                 |



**9. ACCRUED COMPENSATED ABSENCES**

Employees of the Organization are entitled to paid vacation time, this benefit vests under certain circumstances and, accordingly, the following amounts have been provided for in these financial statements for the year ended June 30:

|          | <u>2022</u>      | <u>2021</u>      |
|----------|------------------|------------------|
| Vacation | \$ <u>27,383</u> | \$ <u>32,859</u> |

**10. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods:

|                                  | <u>2022</u>       | <u>2021</u>       |
|----------------------------------|-------------------|-------------------|
| Time Restricted                  |                   |                   |
| Arthur Savage Internship Program | \$ <u>181,349</u> | \$ <u>232,256</u> |

**11. NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions during by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors as follows:

|                                  | <u>2022</u>      | <u>2021</u>      |
|----------------------------------|------------------|------------------|
| Time restricted                  |                  |                  |
| Arthur Savage Internship Program | \$ <u>50,907</u> | \$ <u>10,680</u> |

**12. PAYCHECK PROTECTION PROGRAM**

On March 13, 2020, President Trump declared a national emergency under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, due to the extraordinary circumstances resulting from the onset of the COVID-19 pandemic. Since that time and as a result of the pandemic, the Organization has been forced to postpone or cancel much of its normal revenue-generating activities. To partially offset the adverse financial impact of the pandemic on the Organization's operations, the Organization applied for and received \$107,480 in February 2021 through the second round of the Paycheck Protection Program, this loan was subsequently forgiven in November 2021. This amount is classified as grant revenue on the Statement of Activities for the year ended June 30, 2021.

**13. 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 year ended June 30, 2022 and 2021 was \$21,899 and \$16,171, respectively.

**14. LEASE COMMITMENTS**

The Organization leases office space under an operating lease through June 2024. Current lease terms include monthly lease payments of \$1,675, increasing to \$1,801 in July 2022. Lease expense for the years ending June 30, 2022 and 2021 was \$20,094.

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

**Year Ended June 30:**

|      |                  |
|------|------------------|
| 2023 | \$ 21,612        |
| 2024 | <u>22,656</u>    |
|      | <u>\$ 44,268</u> |

**15. 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.

**16. SUBSEQUENT EVENTS**

*Employee Retention Credit (ERC)*

The ERC was originally established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended and extended by the Consolidated Appropriations Act and the American Rescue Plan Act. The ERC is a refundable credit that eligible businesses can claim on qualified wages, including certain health insurance costs, paid to employees. The Organization has retroactively applied for the ERC for all quarters deemed eligible, and it requesting a total credit of \$230,505.