

ADIRONDACK FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

ADIRONDACK FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees of
Adirondack Foundation
Lake Placid, New York

Opinion

We have audited the accompanying financial statements of Adirondack Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 Adirondack Foundation as of June 30, 2023 and 2022, 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 Adirondack Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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 Adirondack Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.


Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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


Pawel Mucenski Hooper Van House & Co.
Certified Public Accountants, P.C.

October 19, 2023

ADIRONDACK FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	6/30/2023	6/30/2022
ASSETS		
Cash and Cash Equivalents	\$ 324,103	\$ 838,360
Investments	86,367,471	77,826,223
Unconditional Promises to Give (Net)	1,879,262	2,403,668
Property and Equipment (Net)	241,276	241,599
Other Assets	41,127	24,753
TOTAL	\$ 88,853,239	\$ 81,334,603
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Other Current Liabilities	\$ 27,584	\$ 17,667
Grants Payable	110,250	144,200
Funds Held as Organization Endowments	8,122,306	7,916,656
Funds Held for Supporting Organizations	16,574,199	15,582,003
Total Liabilities	24,834,339	23,660,526
 NET ASSETS		
Without Donor Restrictions	63,409,155	57,051,458
With Donor Restrictions	609,745	622,619
Total Net Assets	64,018,900	57,674,077
TOTAL	\$ 88,853,239	\$ 81,334,603

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

ADIRONDACK FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL 6/30/2023
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 7,109,320	\$ -	\$ 7,109,320
Investment Return (Net)	6,216,060	21,021	6,237,081
Supporting Fees	130,203	-	130,203
Nonprofit Leadership Tuition and Underwriting	8,636	-	8,636
Contributed Office Space	-	19,797	19,797
Net Assets Released from Restriction	53,692	(53,692)	-
Total Revenues, Gains, and Other Support	<u>13,517,911</u>	<u>(12,874)</u>	<u>13,505,037</u>
EXPENSES			
Program Services	6,287,717	-	6,287,717
Management and General	502,143	-	502,143
Development	370,354	-	370,354
Total Expenses	<u>7,160,214</u>	<u>-</u>	<u>7,160,214</u>
CHANGE IN NET ASSETS	6,357,697	(12,874)	6,344,823
NET ASSETS - Beginning of Year	57,051,458	622,619	57,674,077
Fund Reclassified as Organization Endowment	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 63,409,155</u>	<u>\$ 609,745</u>	<u>\$ 64,018,900</u>

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

ADIRONDACK FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL 6/30/2022
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 13,403,243	\$ -	\$ 13,403,243
Investment Return (Net)	(10,197,018)	(36,652)	(10,233,670)
Supporting Fees	151,129	-	151,129
Nonprofit Leadership Tuition and Underwriting	8,429	-	8,429
Contributed Office Space	-	20,759	20,759
Net Assets Released from Restriction	58,776	(58,776)	-
Total Revenues, Gains, and Other Support	3,424,559	(74,669)	3,349,890
EXPENSES			
Program Services	6,726,774	-	6,726,774
Management and General	402,603	-	402,603
Development	374,938	-	374,938
Total Expenses	7,504,315	-	7,504,315
CHANGE IN NET ASSETS	(4,079,756)	(74,669)	(4,154,425)
NET ASSETS - Beginning of Year	61,105,063	697,288	61,802,351
Fund Reclassified as Organization Endowment	26,151	-	26,151
NET ASSETS - END OF YEAR	\$ 57,051,458	\$ 622,619	\$ 57,674,077

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

ADIRONDACK FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Development</u>	<u>TOTAL 6/30/2023</u>
Salaries	\$ 417,884	\$ 309,055	\$ 249,667	\$ 976,607
Payroll Related Costs and Employee Benefits	58,667	43,389	35,051	137,107
Grants	5,430,268	-	-	5,430,268
Accounting and Legal	-	17,500	-	17,500
Advertising	45,858	-	413	46,271
Annual Report	22,243	-	7,414	29,657
Bank Fees	20	6,522	-	6,542
Conferences and Travel	2,318	930	1,646	4,893
Contract Services	78,335	42,589	-	120,924
Depreciation	4,108	3,038	2,454	9,600
Dues and Fees	-	15,542	50	15,592
Program Development	124,801	1,735	-	126,536
Fund Development	1,984	-	7,958	9,942
Insurance	2,045	1,513	1,222	4,780
Meeting Expense	7,607	4,246	6,400	18,253
Newsletter	20,427	-	3,500	23,927
Office Expense	46,988	34,751	28,073	109,812
Postage and Shipping	-	2,507	994	3,501
Premiums for Planned Gifts	-	-	-	-
Public Relations	-	-	-	-
Rent	17,116	12,658	10,226	40,000
Special Events	-	-	9,753	9,753
Telephone and Utilities	3,765	2,785	2,250	8,800
Website	3,283	3,383	3,283	9,949
	<u>\$ 6,287,717</u>	<u>\$ 502,143</u>	<u>\$ 370,354</u>	<u>\$ 7,160,214</u>

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

ADIRONDACK FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services	Management and General	Development	TOTAL 6/30/2022
Salaries	\$ 378,445	\$ 220,991	\$ 268,473	\$ 867,909
Payroll Related Costs and Employee Benefits	56,595	33,048	40,149	129,792
Grants	6,067,781	-	-	6,067,781
Accounting and Legal	-	16,650	-	16,650
Advertising	34,427	-	-	34,427
Annual Report	13,125	-	4,375	17,500
Bank Fees	-	5,980	-	5,980
Conferences and Travel	1,140	1,548	3,903	6,591
Contract Services	42,046	27,117	930	70,093
Depreciation	4,357	2,542	2,542	9,441
Dues and Fees	-	12,222	-	12,222
Program Development	51,000	-	-	51,000
Fund Development	1,700	-	12,692	14,392
Insurance	2,698	1,574	1,574	5,846
Meeting Expense	3,319	6,365	721	10,405
Newsletter	4,750	-	-	4,750
Office Expense	35,480	20,697	20,697	76,874
Postage and Shipping	2,681	1,823	2,623	7,127
Premiums for Planned Gifts	-	35,548	-	35,548
Public Relations	2,217	-	650	2,867
Rent	18,462	10,769	10,769	40,000
Special Events	150	809	-	959
Telephone and Utilities	3,747	2,186	2,186	8,119
Website	2,654	2,734	2,654	8,042
	<u>\$ 6,726,774</u>	<u>\$ 402,603</u>	<u>\$ 374,938</u>	<u>\$ 7,504,315</u>

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

ADIRONDACK FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	6/30/2023	6/30/2022
OPERATING ACTIVITIES		
Cash Inflows from Operations		
Contributions	\$ 4,425,936	\$ 9,104,702
Interest and Dividends	2,828,268	3,776,935
Other Cash Receipts	56,330	-
Cash Outflows from Operations		
Payments for Salaries, Benefits, and Payroll Taxes	(1,113,714)	(997,701)
Payments to Vendors	(689,237)	(466,993)
Payments of Grants	(6,841,666)	(7,034,009)
Net Cash Provided from Operations	(1,334,083)	4,382,934
INVESTING ACTIVITIES		
Purchase of Fixed Assets	(9,276)	-
Proceeds from Sale of Investments	9,855,016	13,880,166
Purchase of Investments	(9,025,914)	(18,727,682)
Net Investing Activities	819,826	(4,847,516)
Change in Cash and Cash Equivalents	(514,257)	(464,582)
Cash and Cash Equivalents - Beginning of Year	838,360	1,302,942
Cash and Cash Equivalents - END OF YEAR	\$ 324,103	\$ 838,360
SUPPLEMENTAL DISCLOSURES		
NONCASH OPERATING ACTIVITIES		
Contribution of Securities	\$ 3,206,913	\$ 3,691,569
Contribution of Office Space	\$ 19,797	\$ 20,759

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

ADIRONDACK FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Adirondack Foundation (the Foundation) is a corporation organized under the Not-For-Profit Corporation Law of the State of New York in July 1997. The Foundation was established as a community foundation formed to receive gifts and bequests from the public and to administer them for the broad charitable needs of the Adirondack region. The Foundation was formerly known as Adirondack Community Trust (ACT).

As an experienced grant maker in the region, the Foundation knows the many and varied needs of local nonprofit organizations and their capacity to deliver quality programs and services to the region. Its mission is to “enhance the lives of people in the Adirondacks through philanthropy” which is accomplished by:

- Building a permanent and flexible endowment that can respond to the most pressing current and future needs of the Adirondack region;
- Working with donors and their advisors to design named funds that meet the unique and individual charitable objectives of the donor;
- Administering a responsive program of grantmaking to give maximum benefit to charitable needs within the Adirondack region and carry out the wishes of donors;
- Providing prudent management and faithful stewardship of philanthropic assets; and
- Being a leader and catalyst focusing attention on the needs of the Adirondack region.

Adirondack Foundation’s vision is that against a backdrop of scenic beauty, our communities are strong, just and inclusive; family wellbeing is supported through quality healthcare, education, and economic opportunity; nature is valued and protected; and arts and culture thrive.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues, gains, other support, and expenses during the reporting period. Actual results could differ from those estimates.

ADIRONDACK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The net assets of the Foundation and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** are resources available to support operations and may consist of both undesignated funds and Board designated funds.

Board-designated donor-advised funds are established by donors who desire to further the purposes of the Foundation. The donor of a donor-advised fund may, after the contribution has been made, recommend agencies to the Foundation to which donor-advised funds should be disbursed.

The Board of Trustees evaluates and considers all donor recommendations. However, the ultimate decision of the distribution of those funds rests solely with the Board of Trustees as required by New York State Law and Adirondack Foundation governing instruments (variance power). Accordingly, the financial statements classify all net assets as without donor restriction, except assets with donor-imposed stipulations where no variance power exists. The portions held as donor-advised or endowment funds are presented as Board-Designated. (See Note J. and K.)

- **Net Assets With Donor Restrictions** are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor's instructions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. These reclassifications are reported in the statements of activities as net assets released from restrictions. (See Note J.)

Cash and Cash Equivalents

The Foundation considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents, except for those held by investment managers, which are considered to be investments.

Investments

Investments are carried at fair value. Publicly traded investments are stated at fair value based on quoted market values. Non-publicly traded investments are stated at values provided by the investment custodians. Investments in cash management funds are stated at cost, which approximates fair value.

ADIRONDACK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Other investments consist of investments benefitting community development that are consistent with the mission and values of the Foundation. These investments are made primarily through loans to domestic intermediaries, such as community development organizations, and also include insured deposits in credit unions and banks. These entities use the proceeds to support efforts aligned with the community impact and financial criteria established by the Foundation.

The Foundation maintains an investment pool for its charitable funds. Interest, dividends, and realized and unrealized gains and losses from investments are allocated monthly to the individual funds based on the relationship of the market value of each fund to the total market value of all the pooled funds, as adjusted for additions to or deductions from the pool.

A portion of the investment pool has been invested in an indexed portfolio that is only available to qualified donors meeting minimum contribution requirements.

To meet the needs of flexible, donor-advised fundholders who have a two to five year investment time horizon, the Adirondack Foundation offers an Intermediate Investment Pool. This pool, through an asset allocation of 30% Equity and 70% Fixed Income, has a lower risk profile, to better align with these fundholders' investment horizons.

Property and Equipment (Net)

Property and equipment are reported at cost, net of accumulated depreciation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is credited or charged to the change in net assets.

Donations of fixed assets are recorded as support at their estimated fair value. Absent donor stipulations regarding the length of time that donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. Net assets with donor restrictions are reclassified to net assets without donor restrictions as the restrictions expire.

Depreciation is provided over the depreciable assets' estimated useful lives utilizing the straight-line method, as follows:

<u>Asset Class</u>	<u>Years</u>
Leasehold Improvements	20 – 39
Furniture and Fixtures	5 – 7
Software	3

ADIRONDACK FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds Held as Organization Endowments and for Supporting Organizations

Adirondack Foundation has established organization endowment funds for contributions from donors that are specified to be released to another beneficiary other than the Foundation. Liabilities have been established for the fair value of these funds.

Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. Gifts of publicly traded securities are recorded at their fair value at the date the contribution is received. Publicly traded securities will generally be sold immediately.

Gifts-In-Kind Contributions

Donated use of facilities is reported as a contribution and as expense at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of the gift, and the expense is reported over the term of the use.

Other Revenues

Supporting fees are unrestricted revenues from providing fund management and investment services. These revenues are charged on a quarterly basis as earned, in accordance with the applicable fund agreement.

Functional Allocation of Expenses

The cost of providing programs and services is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses directly supporting programs run or administered by the Foundation are allocated directly to program expenses. Costs common to multiple functions have been allocated among various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries, benefits, and payroll taxes are allocated based on time spent as tracked by time keeping software.
- Telephone, internet, office supplies, occupancy, depreciation, and other expenses that are more general or overhead related are allocated based on headcount within each functional area.

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising expense for the years ended June 30, 2023 and 2022 was \$ 46,271 and \$ 34,427, respectively.

ADIRONDACK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Adirondack Foundation is exempt from federal tax on income under Section 501(c)(3) of the Internal Revenue Code. A similar exemption has been received from New York State. The Foundation has been classified as a publicly-supported organization that is not a private foundation under Section 509(a)(1) of the Code.

Accounting principles generally accepted in the United States of America require the Foundation to evaluate all significant tax positions. As of June 30, 2023 the Foundation does not believe that it has taken any positions that would require the recording of any tax liability, nor does it believe that there are any unrealized tax benefits that should be recorded.

Subsequent Events

Management has reviewed and evaluated all events and transactions from July 1, 2023 through October 19, 2023, 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 or which were required to be recognized in the accompanying financial statements.

NOTE B - CASH AND CASH EQUIVALENTS

A summary of cash and cash equivalents at June 30, 2023 and 2022 is as follows:

	2023	2022
Operating	\$ 255,489	\$ 489,247
Safety of Principal	68,614	349,113
	\$ 324,103	\$ 838,360

The Safety of Principal cash is used for contribution/grant pass-through funds. Liquid assets are required because these funds are normally in existence for a short time.

NOTE C - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year include cash and investment balances available for grant making per the Foundation's spending policy. As of June 30, 2023 and 2022 these available funds are:

	2023	2022
Cash	\$ 324,103	\$ 838,360
Investments Available for Grant Making	3,795,000	3,970,757
	\$ 4,119,103	\$ 4,809,117

Based on the fiscal 2024 budget, the Foundation anticipates revenues of \$ 2,115,472 from supporting fees and other operational support within the year.

ADIRONDACK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE C - LIQUIDITY AND AVAILABILITY (Continued)

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the return on investments of its funds. As part of the Foundation's liquidity management, it structures its financial assets to be available as its grants, general expenditures, liabilities, and other obligations come due.

NOTE D - INVESTMENTS

A summary of all investments at June 30, 2023 is as follows:

	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Market Value</u>
Domestic Equity	\$ 32,306,616	\$ 3,886,488	\$ 36,193,104
International Equity	21,674,180	1,203,878	22,878,058
Fixed Income Domestic			
Short-Term	6,151,565	(437,709)	5,713,856
Intermediate	15,523,052	(2,284,453)	13,238,599
Long-Term	3,467,401	(865,043)	2,602,358
Fixed Income International	3,735,207	(493,228)	3,241,979
Hedge Funds	43,093	(25,270)	17,823
Other Investments	1,096,667	26,544	1,123,211
Cash and Cash Equivalents	<u>1,358,483</u>	<u>-</u>	<u>1,358,483</u>
	<u>\$ 85,356,264</u>	<u>\$ 1,011,207</u>	<u>\$ 86,367,471</u>

Investment return for June 30, 2023 consists of the following:

	<u>Total Return</u>	<u>Allocated to Supporting Organizations And Organization Endowments</u>	<u>Allocated to Foundation Funds</u>
Interest and Dividends	\$ 2,828,437	\$ 841,523	\$ 1,986,914
Unrealized Gain/(Loss)	6,040,908	1,765,772	4,275,136
Realized Gain/(Loss)	122,529	66,158	56,371
Fees	(115,171)	(33,831)	(81,340)
	<u>\$ 8,876,703</u>	<u>\$ 2,639,622</u>	<u>\$ 6,237,081</u>

ADIRONDACK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE D - INVESTMENTS (Continued)

A summary of all investments at June 30, 2022 is as follows:

	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Market Value</u>
Domestic Equity	\$ 32,483,194	\$ (587,104)	\$ 31,896,090
International Equity	21,417,562	(819,215)	20,598,347
Fixed Income Domestic			
Short Term	5,994,840	(423,078)	5,571,762
Intermediate	14,765,162	(2,037,741)	12,727,421
Long-Term	3,285,938	(827,886)	2,458,052
Fixed Income International	3,748,304	(489,816)	3,258,488
Hedge Funds	411,678	128,613	540,291
Other Investments	700,000	2,740	702,740
Cash and Cash Equivalents	73,032	-	73,032
	<u>\$ 82,879,710</u>	<u>\$ (5,053,487)</u>	<u>\$ 77,826,223</u>

Investment return for June 30, 2022 consists of the following:

	<u>Total Return</u>	<u>Allocated to Supporting Organizations And Organization Endowments</u>	<u>Allocated to Foundation Funds</u>
Interest and Dividends	\$ 3,776,936	\$ 1,234,833	\$ 2,542,103
Unrealized Gain/(Loss)	(22,428,352)	(6,537,214)	(15,891,138)
Realized Gain/(Loss)	4,024,567	814,843	3,209,724
Fees	(137,336)	(42,977)	(94,359)
	<u>\$ (14,764,185)</u>	<u>\$ (4,530,515)</u>	<u>\$ (10,233,670)</u>

Indexed Portfolio Investments

A summary of the indexed portfolio investments at June 30, 2023 is as follows:

	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Market Value</u>
Domestic Equity	\$ 2,589,464	\$ 492,177	\$ 3,081,641
International Equity	1,619,785	333,791	1,953,576
Fixed Income Domestic			
Short Term	522,073	(35,669)	486,404
Intermediate	1,287,647	(186,536)	1,101,111
Long-Term	303,857	(84,326)	219,531
Fixed Income International	299,436	(37,051)	262,385
	<u>\$ 6,622,262</u>	<u>\$ 482,386</u>	<u>\$ 7,104,648</u>

ADIRONDACK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE D - INVESTMENTS (Continued)

A summary of the indexed portfolio investments at June 30, 2022 is as follows:

	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Market Value</u>
Domestic Equity	\$ 6,491,048	\$ 193,051	\$ 6,684,099
International Equity	4,233,073	157,347	4,390,420
Fixed Income Domestic			
Short Term	1,170,800	(78,499)	1,092,301
Intermediate	2,905,505	(394,701)	2,510,804
Long-Term	683,793	(173,812)	509,981
Fixed Income International	674,928	(87,128)	587,800
	<u>\$ 16,159,147</u>	<u>\$ (383,742)</u>	<u>\$ 15,775,405</u>

Intermediate Portfolio Investments

A summary of the intermediate portfolio investments at June 30, 2023 is as follows:

	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Market Value</u>
Equity – Domestic (Multi-Cap)	\$ 287,083	\$ 29,446	\$ 316,529
Equity - International	204,402	(5,651)	198,751
Fixed Income Domestic			
Short Term	229,103	(12,768)	216,335
Intermediate	542,493	(52,509)	489,984
Long-Term	113,199	(17,017)	96,182
Fixed Income International	372,945	(28,528)	344,417
	<u>\$ 1,749,225</u>	<u>\$ (87,027)</u>	<u>\$ 1,662,198</u>

A summary of the intermediate portfolio investments at June 30, 2022 is as follows:

	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Market Value</u>
Equity – Domestic (Multi-Cap)	\$ 247,560	\$ (16,955)	\$ 230,605
Equity - International	179,260	(25,362)	153,898
Fixed Income Domestic			
Short Term	184,787	(13,014)	171,773
Intermediate	437,023	(47,251)	389,772
Long-Term	90,667	(15,896)	74,771
Fixed Income International	302,093	(29,519)	272,574
	<u>\$ 1,441,390</u>	<u>\$ (147,997)</u>	<u>\$ 1,293,393</u>

In fiscal year 2023, Adirondack Foundation's Index Pool was consolidated into the Main Pool at Vanguard.

ADIRONDACK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE D - INVESTMENTS (Continued)

Liquidity Restrictions - The following are restrictions on redemption of investments by investment type.

	<u>Amount</u>	<u>Liquidity Date or Other Restrictions</u>
International Equity Funds:	\$ 697,182	6/30/2023; 90 days written notice
Hedge Funds:	\$ 17,823	12/31/23; Quarterly withdrawals limited to 25% per quarter; 65 days written notice
Large/Mid Cap Equity Fund:	\$ 304,465	Fully redeemed – Holdback value included in domestic equity

NOTE E - FAIR VALUE MEASUREMENTS

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Foundation uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). Additionally, assets that are quoted at a Net Asset Value (NAV) of the underlying assets as reported by the fund manager are reported at that NAV. The fair value hierarchy is classified as follows:

- (a) Level 1: Quoted prices in active markets for identical assets and liabilities.
- (b) Level 2: Quoted prices in active markets for similar assets or liabilities, or quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- (c) Level 3: Significant valuation assumptions not readily observable in a market.

The determination of what constitutes “observable” may require significant judgment. The Foundation considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of an investment within the fair value hierarchy is based upon pricing transparency of the investment and does not necessarily correspond to the quality of that investment or the risks associated with that investment.

Fair values for securities are based on quoted market prices or dealer quotes, where available. When quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

ADIRONDACK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE E - FAIR VALUE MEASUREMENTS (Continued)

The following presents the investments at June 30, 2023 and 2022 that are measured at fair value on a recurring basis. Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurements:

	2023	2022
Level 1:		
Domestic Equity	\$ 35,888,640	\$ 31,655,210
International Equity	22,180,875	18,928,153
Fixed Income Domestic:		
Short Term	5,713,856	5,571,762
Intermediate	13,238,599	12,727,421
Long-Term	2,602,358	2,458,052
Fixed Income International	3,241,979	3,258,488
Other Investments	409,205	300,000
Cash and Cash Equivalents	1,358,484	73,032
Level 1 Total	84,633,996	74,972,118
Level 3:		
Other Investments	714,005	402,740
Measured Using NAV	1,019,470	2,451,365
Total Investments	\$ 86,367,471	\$ 77,826,223

The investments measured using Net Asset Value (NAV) are used as a diversification strategy to reduce the volatility in the investment portfolio. They include limited partnerships, hedge funds, and funds of managed funds. These investments are not listed on national exchanges or over-the-counter markets, and quoted market prices are not available.

The fair values of these investments are based on a review of information provided by fund managers. It is reasonably possible that the estimated fair values of these investments may change materially in the near term.

For the year ended June 30, 2023, purchases and sales of investments classified as Level 3 totaled \$ 296,668 and \$ 0, respectively. There were no transfers into or out of Level 3 for the year ended June 30, 2023.

For the year ended June 30, 2022, purchases and sales of investments classified as Level 3 totaled \$ 402,740 and \$ 0, respectively. There were no transfers into or out of Level 3 for the year ended June 30, 2022.

ADIRONDACK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE F - UNCONDITIONAL PROMISES TO GIVE

Donated Office Space

The Foundation has entered into a multi-year lease agreement for its office space with a term from July 1, 2017 through June 30, 2037. The parties have agreed to an annual gift-in-kind value of \$ 40,000. A 5% discount rate is used to arrive at the present fair value. As of June 30, 2023, the value of this unconditional promise to give and rents to be recorded in future years is as follows:

Gross Amount of Gift-In-Kind	\$ 560,000
Less discount at 5%	(144,257)
Fair Value of Gift-In-Kind	<u>\$ 415,743</u>

Amounts to be recorded as rent in future years are as follows:

Less than One Year	\$ 40,000
One to Five Years	200,000
Thereafter	<u>320,000</u>
Unconditional Promise to Give	560,000
Less Discount to Present Value	(144,257)
Net Unconditional Promise to Give	<u>\$ 415,743</u>

Campaign

The Foundation initiated a capital campaign during fiscal year 2021. As of June 30, 2023 and 2022, the balances of pledges receivable were \$ 1,505,464 and \$ 2,047,397, respectively. The Foundation considers the pledges receivable to be fully collectible and has applied a 3% discount rate. As of June 30, 2023, the value of these pledges receivable and discount to be amortized in future years is as follows:

Gross Amount of Pledges Receivable	\$ 1,505,464
Less discount at 3%	(41,945)
Fair Value of Pledges Receivable	<u>\$ 1,463,519</u>

Amounts to be received in future years are as follows:

Less than One Year	\$ 568,096
One to Five Years	<u>937,368</u>
Pledges Receivable	1,505,464
Less Discount to Present Value	(41,945)
Net Unconditional Promise to Give	<u>\$ 1,463,519</u>

NOTE G - PROPERTY AND EQUIPMENT (NET)

Property and Equipment (Net) consists of the following:

	<u>2023</u>	<u>2022</u>
Furniture and Fixtures	\$ 12,000	\$ 12,000
Leasehold Improvements	<u>317,241</u>	<u>307,964</u>
	329,241	319,964
Less Accumulated Depreciation	<u>87,965</u>	<u>78,365</u>
Property and Equipment (Net)	<u>\$ 241,276</u>	<u>\$ 241,599</u>

Depreciation charged to operations for the years ended June 30, 2023 and 2022 was \$ 9,599 and \$ 9,441, respectively.

ADIRONDACK FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE H - FUNDS HELD AS ORGANIZATION ENDOWMENTS

When a Not-for-Profit Organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as organization endowments.

The Foundation maintains variance power and legal ownership of organization endowment funds and, as such, continues to report the funds as assets of the Foundation. A liability is established for the fair value of the funds.

At June 30, 2023, the Foundation held 61 organization endowment funds with a combined value of \$ 8,122,306. The following table summarizes activity in such funds during the year then ended:

	2023	2022
Organization Endowment Fund		
Beginning Balance	\$ 7,916,656	\$ 9,411,243
Gifts Received	108,351	515,976
Investment Earnings	279,507	396,712
Realized Investment Gain (Loss)	6,210	284,928
Unrealized Investment Gain (Loss)	588,437	(2,200,273)
Fees and Expenses	(105,305)	(122,964)
Grants	(671,550)	(342,815)
Funds Reclassified from Organization		
Endowment	-	(26,151)
Organization Endowment Fund		
Ending Balance	\$ 8,122,306	\$ 7,916,656

NOTE I - SUPPORTING ORGANIZATIONS

Private Foundations, with approval from the IRS, can terminate their private foundation status and become a Supporting Organization of a publicly-supported organization that is not a private foundation. Both entities are strengthened by the relationship. By "supporting" the charitable purposes of a public foundation, such as Adirondack Foundation, the Organization is exempt from certain taxes and its donors are eligible for greater tax deductions. By divesting itself of the burdens of investment management and administration, the Organization can focus on its mission and impact.

On July 1, 2007, Bruce L. Crary Foundation (Crary Foundation) became a Supporting Organization of Adirondack Foundation. The current contract between the two organizations is for five years beginning July 1, 2023 and may be extended for successive five year terms upon agreement by both parties.

Crary Foundation offers scholarships to full-time undergraduate students who are residents of Clinton, Essex, Franklin, Hamilton, and Warren Counties located in New York State. Crary Foundation continues to be based at The Hand House in Elizabethtown, New York with its existing staff.

On July 1, 2014, Lake Placid Education Foundation (LPEF) became a Supporting Organization of Adirondack Foundation. LPEF offers grants to schools, libraries, and other institutions, especially in Lake Placid, New York, for the purpose of advancing public welfare through education. The original contract with the Foundation was for five years beginning July 1, 2014. The contract was extended for five years by agreement dated September 30, 2019.

ADIRONDACK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE I - SUPPORTING ORGANIZATIONS (Continued)

The net asset balance of supporting organization funds at Adirondack Foundation was \$ 16,574,199 as of June 30, 2023. The net asset balance of supporting organization funds are summarized as follows:

	2023	2022
Supporting Organization Fund		
Beginning Balance	\$ 15,582,003	\$ 19,374,126
Gifts Received	-	250
Investment Earnings	562,016	838,121
Realized Investment Gain (Loss)	59,948	529,915
Unrealized Investment Gain (Loss)	1,177,335	(4,336,941)
Fees and Expenses	(59,705)	(72,142)
Grants	(747,398)	(751,326)
Supporting Organization Fund		
Ending Balance	\$ 16,574,199	\$ 15,582,003

The balance is carried as a liability in the accompanying statement of financial position.

NOTE J - NET ASSETS

Without Donor Restrictions

Net assets without donor restrictions at June 30, 2023 and 2022 are summarized as follows:

	2023	2022
Board Designated for Scholarships and Grants:		
Field of Interest Funds	\$ 11,853,314	\$ 10,285,788
Donor-Advised	23,593,171	19,873,979
Designated Funds	15,871,810	14,353,757
Scholarship Funds	2,767,523	2,573,846
Unrestricted Funds	8,624,781	7,309,092
Sponsoring Agency	24,239	38,839
Total Board Designated	62,734,838	54,435,301
Operating Funds (Undesignated)	674,317	2,616,157
	\$ 63,409,155	\$ 57,051,458

With Donor Restrictions

The gift agreement between the Estate of Alberta P. Moody and Adirondack Foundation created two restricted funds, the Alberta P. Moody Higher Education Fund and the Alberta P. Moody Library Fund. The gift agreement does not grant the Foundation variance power and, therefore, the Funds are reported as donor restricted net assets.

Annual fund distributions are required based on the Funds' average market value at the end of the three most recent annual periods. The distribution rates are 8% for the Higher Education Fund and 7% for the Library Fund. Distributions may be made from the Funds' principal or income, at the discretion of the Board of Trustees.

ADIRONDACK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE J - NET ASSETS (Continued)

With Donor Restrictions (Continued)

The Foundation has entered into a multi-year lease agreement for its office space, which has been recognized as a gift-in-kind contribution for the fair market value of the lease. (See Note F.) Lease expense will be released from restriction each year over the life of the lease.

Net assets with donor restrictions are available for the following purposes June 30, 2023 and 2022:

	2023	2022
Gift-In-Kind Donation of Facility Use	\$ 415,743	\$ 435,946
Moody Library Fund	125,965	118,776
Moody Higher Education Fund	68,037	67,897
	\$ 609,745	\$ 622,619

NOTE K - ENDOWMENTS

Net Asset Classifications

The Foundation is governed by its Governing Documents. The Board of Trustees, on the advice of legal counsel, has determined that the majority of contributions are subject to the terms of its Governing Documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation.

Under the terms of the Governing Documents, the Board of Trustees has the ability to distribute so much of the corpus of any separate gift, bequest or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as donor restricted are classified as net assets without donor restrictions for financial statement purposes.

Interpretation of Relevant Law

The Foundation operates under the New York Prudent Management of Institutional Funds Act (NYPMIFA). This is New York State's version of the Uniform Prudent Management of Institutional Funds Act and governs the management and investment of funds held by not-for-profit corporations and other institutions.

Under NYPMIFA, institutions are allowed to spend endowment funds below their original historic dollar value without government approval or attorney general review if the institution's Board concludes that such spending is prudent.

NYPMIFA provides that each person responsible for management and investing an institution's fund does so in good faith and with the care that an ordinarily prudent person would exercise under similar circumstances. NYPMIFA sets forth basic requirements for establishing the standard of prudence, including a requirement that an institution make a reasonable effort to verify facts relevant to the management and investment of the fund.

ADIRONDACK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE K - ENDOWMENTS (Continued)

Interpretation of Relevant Law (Continued)

The Foundation's endowment consists of 147 board-designated funds and funds with donor restrictions designated to function as endowments.

Endowment type net assets by type of fund consist of the following at June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Funds	\$ -	\$ 194,002	\$ 194,002
Board-Designated Funds	<u>44,749,409</u>	<u>-</u>	<u>44,749,409</u>
	<u>\$ 44,749,409</u>	<u>\$ 194,002</u>	<u>\$ 44,943,411</u>

Changes in endowment type net assets for the fiscal year ended June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 38,910,189	\$ 186,674	\$ 39,096,863
Investment Return	4,705,600	21,021	4,726,621
Contributions	2,480,111	-	2,480,111
Reclassifications	165,257	-	165,257
Appropriation for Expenditure	<u>(1,511,748)</u>	<u>(13,693)</u>	<u>(1,525,441)</u>
Endowment Net Assets, End of Year	<u>\$ 44,749,409</u>	<u>\$ 194,002</u>	<u>\$ 44,943,411</u>

Endowment type net assets by type of fund consist of the following at June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-Restricted Funds	\$ -	\$ 186,674	\$ 186,674
Board-Designated Funds	<u>38,910,189</u>	<u>-</u>	<u>38,910,189</u>
	<u>\$ 38,910,189</u>	<u>\$ 186,674</u>	<u>\$ 39,096,863</u>

ADIRONDACK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE K - ENDOWMENTS (Continued)

Interpretation of Relevant Law (Continued)

Changes in endowment type net assets for the fiscal year ended June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 44,944,270	\$ 242,102	\$ 45,186,372
Investment Return	(7,513,335)	(37,014)	(7,550,349)
Contributions	3,158,816	-	3,158,816
Reclassifications	(123,973)	-	(123,973)
Appropriation for Expenditure	<u>(1,555,589)</u>	<u>(18,414)</u>	<u>(1,574,003)</u>
Endowment Net Assets, End of Year	<u>\$ 38,910,189</u>	<u>\$ 186,674</u>	<u>\$ 39,096,863</u>

Return Objectives and Risk Parameters

The Foundation has established investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by those endowments while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk restraints.

The spending policy for endowment funds is set by the Board at 4.5% per annum of the average market value of assets at the end of the trailing twelve calendar quarters including income, realized gains and losses, unrealized appreciation and depreciation, and in some cases, principal. This rate may be adjusted from time to time depending on investment performance or other factors. For certain endowment funds the Board may approve a different rate, depending on donor objectives. This policy is designed to maintain the purchasing power of the endowment assets, as well as provide additional real growth through new gifts and investment return.

NOTE L - RELATED PARTY AND SIGNIFICANT DONORS

During the year ended June 30, 2023, 23 Board members donated \$ 1,470,633 to the Foundation. Also during the year ended June 30, 2023, 53% of contributions came from 23 donors.

ADIRONDACK FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE M - RETIREMENT PLAN

The Foundation offers a Savings Incentive Match Plan for Employees (SIMPLE) IRA to its eligible employees. The Foundation provides an annual 3% contribution to this Plan for all employees who are at least 21 years old and have performed services for the Foundation for at least 30 days. The Foundation's contribution to this Plan for the years ended June 30, 2023 and 2022 was \$ 19,445 and \$ 17,078, respectively.

NOTE N - COMMITMENTS AND CONTINGENCIES

1. Operating Lease

The Foundation has entered into a multi-year operating lease for its office space with a term from July 1, 2017 through June 30, 2037. The lease calls for no monthly payments of rent for the term of the lease. The statements of activities reflect the fair value of the lease expense at \$ 40,000 for the years ended June 30, 2023 and 2022. (See Note F.)

2. Concentrations of Credit Risk – Cash

The Foundation maintains operating cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, bank deposits may be in excess of amounts insured by the FDIC. At June 30, 2023, the carrying amount of cash deposits was \$ 324,103. The bank balances were \$ 774,195 categorized as follows:

Amount Insured by FDIC	\$ 250,005
Uninsured	524,190
Total Bank Balances	<u>\$ 774,195</u>

3. Risks and Uncertainties

The Foundation has investments in a combination of cash, fixed income and equity securities, mutual funds, limited partnerships and hedge funds. Investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the net assets of the Foundation.