



Financial Statements
June 30, 2024 and 2023

Adirondack Foundation

Financial Statements
June 30, 2024 and 2023

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Independent Auditor's Report

Board of Trustees
Adirondack Foundation
Lake Placid, New York

Opinion

We have audited the financial statements of Adirondack Foundation (Foundation) (a New York not-for-profit corporation), which comprise the statement of financial position as of June 30, 2024, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Foundation, as of and for the year ended June 30, 2023, were audited by other auditors, whose report, dated October 19, 2023, expressed an unmodified opinion on those statements.

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 the 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 GAAS 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 GAAS, 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 the 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 the 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.

BST & Co. CPAs, LLP

Latham, New York
September 26, 2024



Adirondack Foundation

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 2,255,190	\$ 1,682,586
Investments	97,085,400	84,294,983
Notes receivable	835,701	714,005
Promises to give, net	1,300,211	1,879,262
Property and equipment, net	245,597	241,276
Other assets	44,595	33,721
	<hr/>	<hr/>
Total assets	\$ 101,766,694	\$ 88,845,833
	<hr/>	<hr/>
LIABILITIES		
Accounts payable and other current liabilities	\$ 32,995	\$ 20,178
Grants payable	-	110,250
Funds held as organization endowments	9,173,716	8,122,306
Funds held for supporting organizations	17,840,486	16,574,199
Total liabilities	27,047,197	24,826,933
	<hr/>	<hr/>
COMMITMENTS		
NET ASSETS		
Without donor restrictions	73,219,173	63,409,154
With donor restrictions	1,500,324	609,746
Total net assets	74,719,497	64,018,900
	<hr/>	<hr/>
Total liabilities and net assets	\$ 101,766,694	\$ 88,845,833
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See accompanying Notes to Financial Statements.

Adirondack Foundation

Statements of Activities

	Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 9,200,421	\$ 1,463,519	\$ 10,663,940
Investment return, net	7,879,060	23,828	7,902,888
Supporting fees	137,481	-	137,481
Contributed office space	-	18,787	18,787
Net assets released from restrictions	615,556	(615,556)	-
Total revenues, gains, and other support	17,832,518	890,578	18,723,096
EXPENSES			
Program services	7,171,503	-	7,171,503
Management and general	465,566	-	465,566
Development	385,430	-	385,430
Total expenses	8,022,499	-	8,022,499
Change in net assets	9,810,019	890,578	10,700,597
NET ASSETS, <i>beginning of year</i>	63,409,154	609,746	64,018,900
NET ASSETS, <i>end of year</i>	\$ 73,219,173	\$ 1,500,324	\$ 74,719,497

See accompanying Notes to Financial Statements.

Adirondack Foundation

Statements of Activities

	Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 7,109,319	\$ -	\$ 7,109,319
Investment return, net	6,216,059	21,022	6,237,081
Supporting fees	138,839	-	138,839
Contributed office space	-	19,797	19,797
Net assets released from restrictions	53,692	(53,692)	-
Total revenues, gains, and other support	13,517,909	(12,873)	13,505,036
EXPENSES			
Program services	6,287,714	-	6,287,714
Management and general	502,144	-	502,144
Development	370,355	-	370,355
Total expenses	7,160,213	-	7,160,213
Change in net assets	6,357,696	(12,873)	6,344,823
NET ASSETS, <i>beginning of year</i>	57,051,458	622,619	57,674,077
NET ASSETS, <i>end of year</i>	\$ 63,409,154	\$ 609,746	\$ 64,018,900

See accompanying Notes to Financial Statements.

Adirondack Foundation

Statement of Functional Expenses

	Year Ended June 30, 2024			
	Program Services	Management and General	Development	Total
Salaries	\$ 461,635	\$ 290,578	\$ 264,478	\$ 1,016,691
Payroll-related costs and employee benefits	73,951	46,548	42,368	162,867
Grants	6,420,348	-	-	6,420,348
Accounting and legal	-	25,750	-	25,750
Advertising	47,476	-	1,060	48,536
Bank fees	-	9,858	-	9,858
Consulting	32,800	6,030	-	38,830
Depreciation	4,395	2,766	2,518	9,679
Dues and fees	-	18,093	50	18,143
Events	-	666	13,658	14,324
Insurance	1,293	3,049	741	5,083
Office supplies	10,112	6,313	5,898	22,323
Postage and shipping	717	2,236	3,362	6,315
Printing	30,424	-	7,962	38,386
Professional development	11,737	6,380	793	18,910
Rent	18,162	11,433	10,405	40,000
Technology	33,873	17,035	19,189	70,097
Telephone and utilities	3,993	2,513	2,288	8,794
Travel and meeting	18,276	14,438	4,143	36,857
Website	1,825	1,880	1,825	5,530
Miscellaneous	486	-	4,692	5,178
	\$ 7,171,503	\$ 465,566	\$ 385,430	\$ 8,022,499

See accompanying Notes to Financial Statements.

Adirondack Foundation

Statement of Functional Expenses

	Year Ended June 30, 2023			
	Program Services	Management and General	Development	Total
Salaries	\$ 417,884	\$ 309,055	\$ 249,667	\$ 976,606
Payroll-related costs and employee benefits	58,667	43,389	35,051	137,107
Grants	5,555,066	-	-	5,555,066
Accounting and legal	-	17,500	-	17,500
Advertising	45,858	-	413	46,271
Bank fees	20	6,522	-	6,542
Consulting	78,335	42,589	-	120,924
Depreciation	4,108	3,037	2,454	9,599
Dues and fees	-	15,542	50	15,592
Events	-	-	9,753	9,753
Insurance	2,045	1,513	1,222	4,780
Office supplies	6,900	5,103	4,123	16,126
Postage and shipping	-	2,507	994	3,501
Printing	42,670	-	10,914	53,584
Professional development	2,318	930	1,646	4,894
Rent	17,116	12,658	10,226	40,000
Technology	40,088	29,648	23,951	93,687
Telephone and utilities	3,765	2,785	2,250	8,800
Travel and meeting	7,607	4,246	6,400	18,253
Website	3,283	3,383	3,283	9,949
Miscellaneous	1,984	1,737	7,958	11,679
	\$ 6,287,714	\$ 502,144	\$ 370,355	\$ 7,160,213

See accompanying Notes to Financial Statements.

Adirondack Foundation

Statements of Cash Flows

	Years Ended June 30,	
	2024	2023
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 10,700,597	\$ 6,344,823
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	9,679	9,599
In-kind rent	40,000	40,000
Contributions of marketable securities	(2,580,835)	2,248,519
Unrealized gains	(5,676,263)	(4,275,136)
Realized gains	(194,030)	(56,371)
Reinvested interest on investments	(1,944,590)	(1,962,778)
New promises to give, net	584,263	541,951
Discount on contributions receivable	(45,212)	(57,545)
Increase in		
Other assets	(10,874)	(8,968)
Increase (decrease) in		
Accounts payable and other current liabilities	12,817	2,511
Grants payable	(110,250)	(33,950)
Funds held as organization endowments and for supporting organizations	(767,409)	(1,475,607)
	17,893	1,317,048
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Proceeds from sale of investments	11,013,141	12,947,772
Purchase of investments	(10,344,430)	(13,187,683)
New notes receivable	(100,000)	(296,667)
Purchase of property and equipment	(14,000)	(9,276)
	554,711	(545,854)
Net increase in cash and cash equivalents	572,604	771,194
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	1,682,586	911,392
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 2,255,190	\$ 1,682,586

See accompanying Notes to Financial Statements.

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 1. Organization and Summary of Significant Accounting Policies

a. Organization

Adirondack Foundation (Foundation) is a corporation organized under the Not-For-Profit Corporation Law (NPCL) of the State of New York in July 1997. The Foundation was established 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.

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 grant-making 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.

The 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.

b. Basis of Accounting

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities.

c. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

d. Fair Value Measurements

The Foundation reports certain assets at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (see Note 12).

e. Cash and Cash Equivalents

The Foundation’s cash and cash equivalents are defined as short-term, highly liquid investments with an initial maturity of three months or less.

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

f. Investments

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, 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 amounts reported in the financial statements.

The Foundation maintains four investment pools 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 fair value of each fund to the total fair value of all of the pooled funds, as adjusted for additions to, or deductions from, the pool.

The Main Investment Pool is primarily 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 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.

The Place-based Investment Pool consists of notes receivable and certificates of deposit that benefit community development consistent with the mission and values of the Foundation. The notes receivable are loans to local entities, such as community development organizations. These entities use the proceeds to support efforts aligned with the community impact and financial criteria established by the Foundation.

The pools include the following holdings:

	June 30,	
	2024	2023
Main Investment Pool		
Mutual funds	\$ 93,709,196	\$ 74,099,460
Money market	175,022	756,335
Alternative investments	311,292	1,019,470
	94,195,510	75,875,265
Intermediate Investment Pool		
Mutual funds	2,641,798	8,766,847
Place-based Investment Pool		
Notes receivable	835,701	714,005
Certificates of deposit	423,114	409,206
	1,258,815	1,123,211
Uninvested Pool		
Money market	1,309,344	602,148
	\$ 99,405,467	\$ 86,367,471

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

f. Investments (Continued)

Investment return, net consists of the following:

	June 30,	
	2024	2023
Interest and dividends	\$ 2,119,895	\$ 1,986,913
Unrealized gain	5,676,263	4,275,136
Realized gain	194,030	56,371
Less investment expense	(87,300)	(81,339)
Investment return, net	<u>\$ 7,902,888</u>	<u>\$ 6,237,081</u>

g. Notes Receivable

Notes receivable are measured at amortized cost. Interest income from notes receivable is recognized using the effective interest method.

The Foundation adopted Accounting Standards Codification (ASC) 326, *Financial Instruments - Credit Losses*, as of July 1, 2023, with the cumulative-effect transition method and the required prospective approach. The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include notes receivable. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. There was no allowance for credit losses or changes therein as of and for the year ended June 30, 2024.

Prior to the adoption of ASC 326, the Foundation maintained an allowance for doubtful accounts to reserve for potentially uncollectible receivables. There was no allowance for doubtful accounts as of June 30, 2023.

h. Promises to Give, Net

Unconditional promises to give that are expected to be collected during the next year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value of estimated future cash flows using a discount rate of 3% for the years ended June 30, 2024 and 2023. Amortization of the discount is reflected as contributions.

Management determines the need for an allowance based on past collection history and has deemed all promises to give to be collectable at June 30, 2024 and 2023. Promises to give are written off when deemed uncollectible. Recoveries of promises to give previously written off are recorded when received. A promise to give is considered to be past due if any portion of the balance has been outstanding for more than one year.

i. Funds Held as Organization Endowments and for Supporting Organizations

The Foundation has funds held for other not-for-profit organizations that are specified to be released to those not-for-profit organizations or for supporting organizations. Accordingly, the value of those funds is reported as a liability in the statements of financial position.

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

j. Net Assets

Net assets and revenues, gains, and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions: Resources available to support general operations and not subject to donor restrictions. They may consist of both undesignated funds and Board-designated funds.

Board-designated funds are established by donors who desire to further the purposes of the Foundation and are subject to the Foundation's spending policy. The Board has designated funds for the purpose of grants and scholarships.

While many of the Foundation's assets are subject to donor-imposed purposes and/or endowment restrictions and a donor may make recommendations for disbursements, as a community foundation, the Foundation's governing documents provide for the exercise of "variance power," which is the power to lift one or more restrictions in a gift instrument where changed circumstances have rendered literal compliance with the restriction unnecessary, undesirable, impractical, or impossible. Accounting standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as net assets without donor restrictions. Accordingly, the financial statements classify all net assets as without donor restrictions, except those where no variance power exists or a time restriction exists.

- Net Assets With Donor Restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that those resources be maintained in perpetuity for specific purposes or whose principal may not be expended.

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

k. Contributions

The Foundation recognizes contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Gifts of marketable securities are recorded at their fair value at the date the contribution is received. Gifts of marketable securities are generally sold immediately.

l. Contributed Nonfinancial Assets

The Foundation has entered into a multi-year lease agreement, without consideration, for its office space, which has been recognized as a contributed nonfinancial asset at the fair market value of the lease.

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

m. Functional Allocation of Expenses

The cost of providing programs and services is summarized on a functional basis in the statements of activities and statements 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 and payroll-related costs are allocated based on time spent as tracked by time-keeping software.
- Telephone, internet, office supplies, occupancy, depreciation, and other expenses are allocated based on headcount within each functional area.

n. Advertising Costs

Advertising costs are charged to expense as incurred. Advertising expense for the years ended June 30, 2024 and 2023 was \$48,536 and \$46,271, respectively.

o. Income Taxes

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (Code) and related New York State law and is exempt from income taxes. The Foundation has been classified as a publicly supported organization that is not a private foundation under Section 509(a)(1) of the Code.

The Foundation files Form 990 annually with the Internal Revenue Service (IRS). When annual returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or amount of the position's tax benefit that would ultimately be sustained. Management evaluated the Foundation's tax positions and concluded that the Foundation has taken no tax positions that required adjustment in its financial statements as of June 30, 2024 or 2023.

p. Reclassifications

The statement of cash flows for the year ended June 30, 2023 has been reclassified to be consistent with the classifications adopted for the year ended June 30, 2024.

q. Subsequent Events

The Foundation has evaluated subsequent events for potential recognition or disclosure through September 26, 2024, the date the financial statements were available to be issued.

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 2. Liquidity

A summary of the Foundation's financial assets available for grants and general expenditures within one year of the statement of financial position date is as follows:

	June 30,	
	2024	2023
Total assets	101,766,694	88,845,833
Less assets not available for general expenditures		
Long-term portion of receivables, net	776,195	1,315,731
Investments and cash equivalents, Board-designated endowment	51,148,687	44,639,125
Investments, with donor restrictions	200,113	194,003
Property and equipment, net	245,597	241,276
Other assets	44,595	33,721
Funds held as organization endowments	9,173,716	8,122,306
Funds held for supporting organizations	17,840,486	16,574,199
	<u>\$ 22,337,305</u>	<u>\$ 17,725,472</u>

Endowment funds consist of donor-restricted endowments and Board-designated endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. The Foundation's Board-designated endowments are subject to an annual spending rate, which was 4.25% for the year ended June 30, 2024. The Board is expected to appropriate \$4,524,816 from the Board-designated endowments within the next 12 months as part of the spending policy. Although the Foundation does not intend to spend from this Board-designated endowment (other than amounts appropriated per the Board's annual spending rate approval), these amounts could be made available, if necessary.

As part of the Foundation's liquidity management, it regularly monitors liquidity required to meet its operating needs and other obligations. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 3. Notes Receivable

Notes receivable represent loans made to local organizations, such as community development organizations, to generate positive social, economic or environmental impact, such as for housing projects, are unsecured, and consist of the following:

	June 30,	
	2024	2023
Note receivable, including interest at 5%, maturing in December 2032, with principal payment and any accrued interest due on maturity	\$ 172,536	\$ 168,941
Note receivable, including interest at 2%, maturing in December 2028, with principal payment and any accrued interest due on maturity	165,603	157,562
Note receivable, including interest at 2%, maturing in December 2030, with principal payment and any accrued interest due on maturity	150,945	150,495
Note receivable, including interest at 2%, maturing in December 2029, with principal payment and any accrued interest due on maturity	131,300	131,300
Note receivable, including interest at 5%, maturing in May 2025, with principal payment and any accrued interest due on maturity	111,115	105,707
Note receivable, including interest at 5%, paid in October 2024, with principal payment and any accrued interest due on maturity	104,202	-
	\$ 835,701	\$ 714,005

Note 4. Promises to Give, Net

Promises to give, net, consist of the following:

	June 30,	
	2024	2023
Promises to give, net		
Donated office space	\$ 394,530	\$ 415,743
Capital campaign	905,681	1,463,519
	\$ 1,300,211	\$ 1,879,262

a. 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, for which there is no consideration. The parties have agreed to an annual donated value of rent of \$40,000. A 5% discount rate is used to arrive at the present value as follows:

	June 30,	
	2024	2023
Gross amount of gift-in-kind	\$ 520,000	\$ 560,000
Less discount to present value	(125,470)	(144,257)
	\$ 394,530	\$ 415,743

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 4. Promises to Give, Net (Continued)

b. Capital Campaign

The Foundation initiated a capital campaign during fiscal year 2021. A summary of the timing of amounts due for the Foundation's promises to give, net, from the campaign is as follows:

	June 30,	
	2024	2023
Amounts due in:		
Less than one year	\$ 484,016	\$ 568,096
One to five years	437,185	937,368
	921,201	1,505,464
Less discount to present value	(15,520)	(41,945)
Promise to give, net	\$ 905,681	\$ 1,463,519

Note 5. Funds Held as Organization Endowments

When a not-for-profit organization establishes a fund at the Foundation with its own funds and specifies itself as the beneficiary of that fund, the 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. The following table summarizes the activity in such funds:

	Years Ended June 30,	
	2024	2023
Funds held as organization endowments, beginning of year	\$ 8,122,306	\$ 7,916,656
Gift received	338,220	108,351
Investment earnings	273,113	279,507
Realized gain	26,155	6,210
Unrealized gain	769,406	588,437
Fees and expenses	(110,353)	(105,305)
Grants	(245,131)	(671,550)
Funds held as organization endowments, end of year	\$ 9,173,716	\$ 8,122,306

Note 6. 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 the Foundation, the Supporting 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 Supporting Organization can focus on its mission and impact.

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 6. Supporting Organizations (Continued)

On July 1, 2007, Bruce L. Crary Foundation (Crary Foundation) became a Supporting Organization of the Foundation. The current contract between the two organizations is for five years beginning on July 1, 2024, and may be extended for successive five-year terms upon agreement by both parties. The 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.

On July 1, 2014, Lake Placid Education Foundation (LPEF) became a Supporting Organization of the 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 current contract between the two organizations is for five years beginning on August 1, 2024.

The balance is carried as a liability in the accompanying statements of financial position. The following table summarizes the activity in such funds:

	Years Ended June 30,	
	2024	2023
Funds held for supporting organizations, beginning of year	\$ 16,574,199	\$ 15,582,003
Investment earnings	538,325	562,016
Realized gain	21,620	59,948
Unrealized gain	1,490,384	1,177,335
Fees and expenses	(61,992)	(59,705)
Grants	(722,050)	(747,398)
	<u>\$ 17,840,486</u>	<u>\$ 16,574,199</u>

Note 7. Net Assets

a. Without Donor Restrictions

Net assets without donor restrictions consist of the following:

	June 30,	
	2024	2023
Operating fund, <i>undesignated</i>	\$ 633,474	\$ 639,316
Board-designated, <i>for grants and scholarships</i>		
Available	21,437,012	18,130,713
Endowment	51,148,687	44,639,125
Total Board-designated	<u>72,585,699</u>	<u>62,769,838</u>
	<u>\$ 73,219,173</u>	<u>\$ 63,409,154</u>

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 7. Net Assets (Continued)

b. With Donor Restrictions

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

	June 30,	
	2024	2023
Subject to the passage of time		
For periods after June 30,		
Donated office space	\$ 394,530	\$ 415,743
Capital campaign	905,681	-
Not subject to appropriation for expenditures		
Gifts to be held in perpetuity (a)	200,113	194,003
	<u>\$ 1,500,324</u>	<u>\$ 609,746</u>

(a) The gift agreement between the Estate of Alberta P. Moody and the 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 fair value at the end of the three most recent annual periods. The distribution rates are 8% for the Alberta P. Moody Higher Education Fund and 7% for the Alberta P. Moody Library Fund, which are higher than that of the Foundation's Board-designated funds designated to function as endowments. The gift agreements allow for spending of corpus.

Note 8. Endowment

a. Net Asset Classifications

The Foundation is governed by its Governing Documents. The Board, 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 has the ability to distribute as 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.

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 8. Endowment (Continued)

b. Interpretation of Relevant Law

The Board of the Foundation has interpreted the NPCL as generally requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation generally retains in perpetuity (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Amounts not retained in perpetuity are subject to appropriation for expenditure by the Board in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA allows institutions 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.

The Foundation considers the following factors in making a determination to appropriate or accumulate endowment funds and prudence:

1. The duration and preservation of the fund;
2. The purposes of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effects of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the organization; and
7. Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the organization.

The Foundation's endowment consists of certain 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, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	\$ -	\$ 200,113	\$ 200,113
Board-designated funds	51,148,687	-	51,148,687
	<u>\$ 51,148,687</u>	<u>\$ 200,113</u>	<u>\$ 51,348,800</u>

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 8. Endowment (Continued)

b. Interpretation of Relevant Law (Continued)

Changes in endowment-type net assets are as follows for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 44,639,125	\$ 194,003	\$ 44,833,128
Interest and dividends	1,517,681	6,250	1,523,931
Net appreciation of investments	4,435,373	17,577	4,452,950
Contributions	4,939,912	-	4,939,912
Appropriation for expenditure	(4,383,404)	(17,717)	(4,401,121)
Endowment net assets, end of year	<u>\$ 51,148,687</u>	<u>\$ 200,113</u>	<u>\$ 51,348,800</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	\$ -	\$ 194,003	\$ 194,003
Board-designated funds	44,639,125	-	44,639,125
	<u>\$ 44,639,125</u>	<u>\$ 194,003</u>	<u>\$ 44,833,128</u>

Changes in endowment-type net assets are as follows for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 38,885,789	\$ 186,674	\$ 39,072,463
Interest and dividends	1,483,521	6,731	1,490,252
Net appreciation of investments	3,283,130	14,290	3,297,420
Contributions	1,818,901	-	1,818,901
Appropriation for expenditure	(832,216)	(13,692)	(845,908)
Endowment net assets, end of year	<u>\$ 44,639,125</u>	<u>\$ 194,003</u>	<u>\$ 44,833,128</u>

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 8. Endowment (Continued)

c. Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature would be reported in net assets with donor restrictions. At June 30, 2024, two funds (the Alberta P. Moody Higher Education Fund and the Alberta P. Moody Library Fund) had a historical gift value of \$682,375; a fair value of \$200,113 and a deficiency of \$482,262 was reported in net assets with donor restrictions. As noted above, the gift agreements allow for spending of corpus and the spending policy is higher than that of the Foundation's Board-designated funds designated to function as endowments.

d. 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.

e. 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 4.25% per annum of the average fair value of assets at the end of the trailing 12 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 9. Related-Party and Significant Donors

During the year ended June 30, 2024, 22 Board Trustees donated \$2,000,173 to the Foundation. During the year ended June 30, 2023, 23 Board Trustees donated \$1,470,633 to the Foundation.

Note 10. 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, 2024 and 2023 was \$29,078 and \$19,445, respectively.

Note 11. Concentrations of Credit Risk

The Foundation maintains operating cash balances at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, the Foundation has bank deposits in excess of the amounts insured by the FDIC.

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 12. Fair Value of Financial Instruments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The following three levels of inputs may be used to measure fair value:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.

Level 3: Unobservable inputs that are supported by little or no market activity.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of mutual funds (publicly traded securities) is based on quoted market prices and observable net asset values (NAV).

Certificates of deposit are valued at cost plus accrued interest, which approximates fair value.

As a practical expedient, alternative investments do not have a readily determinable fair value and are valued at NAV provided by fund managers utilizing quoted market prices, the market value of comparable companies, an income-based approach, or discounted cash flow projections. These valuations are reviewed for reasonableness by the management of the Foundation.

The methods described above may produce a fair value/NAV calculation that may not be indicative of net realizable value or reflective of future fair values or NAVs. Furthermore, while the Foundation believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value or NAV of certain financial instruments could result in a different fair value or NAV measurement at the reporting date.

The following tables present the Foundation's investments:

	June 30, 2024				
	Total	Level 1	Level 2	Level 3	Measured at NAV
Mutual funds					
Value	\$ 10,228,071	\$ 10,228,071	\$ -	\$ -	\$ -
Growth	12,526,011	12,526,011	-	-	-
Fixed income	25,033,769	25,033,769	-	-	-
Blend	44,464,436	44,464,436	-	-	-
International	4,098,707	4,098,707	-	-	-
Certificates of deposit	423,114	423,114	-	-	-
Alternative	311,292	-	-	-	311,292
	<u>\$ 97,085,400</u>	<u>\$ 96,774,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,292</u>

Adirondack Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Note 12. Fair Value of Financial Instruments (Continued)

	June 30, 2023				
	Total	Level 1	Level 2	Level 3	Measured at NAV
Mutual funds					
Value	\$ 8,875,731	\$ 8,875,731	\$ -	\$ -	\$ -
Growth	10,852,735	10,852,735	-	-	-
Fixed income	21,554,814	21,554,814	-	-	-
Blend	38,341,049	38,341,049	-	-	-
International	3,241,978	3,241,978	-	-	-
Certificates of deposit	409,206	409,206	-	-	-
Alternative	1,019,470	-	-	-	1,019,470
	\$ 84,294,983	\$ 83,275,513	\$ -	\$ -	\$ 1,019,470

The following table summarizes investments measured at fair value based on NAV:

	June 30,		
	2024	2023	Liquidity Restrictions
International equity	\$ -	\$ 697,182	<i>Fully redeemed as of June 30, 2024</i>
Hedge fund	-	17,823	<i>Fully redeemed as of June 30, 2024</i>
Limited partnership	311,292	304,465	(a)
	\$ 311,292	\$ 1,019,470	

(a) The alternative investments were held in a limited partnership, Darlington Partners II, L.P. (Darlington), that was fully redeemed during the year ended June 30, 2024. After redemption, the funds are now being held in DP Liquidating Fund, L.P. (Partnership) that was formed as a special-purpose vehicle to hold the portion of the illiquid securities attributable to former limited partners in Darlington, who have fully withdrawn their capital accounts. As a former partner, the Foundation exchanged its remaining interest in Darlington, comprising its proportionate share of Darlington's illiquid assets, for an interest in the Partnership. The Partnership will hold and manage such illiquid assets until such time that they can be either sold or transferred.