

DRAFT

**THE BLACK ROCK FOREST
CONSORTIUM, INC.**

**Financial Statements
for the years ended
September 30, 2013
and
September 30, 2012**

DRAFT

Independent Auditor's Report

To the Board of Directors of
The Black Rock Forest Consortium, Inc.

We have audited the accompanying financial statements of The Black Rock Forest Consortium, Inc. (the "Consortium") which comprise the statement of financial position as of September 30, 2013 and September 30, 2012 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Black Rock Forest Consortium, Inc. as of September 30, 2013 and September 30, 2012 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

March __, 2014

THE BLACK ROCK FOREST CONSORTIUM, INC.

DRAFT

Statement of Financial Position

Assets

	<u>September 30</u>	
	<u>2013</u>	<u>2012</u>
Current assets		
Cash	\$ 738,464	\$ 888,352
Accounts receivable	103,531	39,379
Grants receivable	3,500	34,548
Prepaid expenses	<u>8,774</u>	<u>15,342</u>
Total current assets	854,269	977,621
Property and equipment, net	<u>158,865</u>	<u>171,456</u>
Total assets	<u>\$ 1,013,134</u>	<u>\$ 1,149,077</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 12,509	\$ 20,474
Deferred revenue	180,810	154,184
Current maturities of notes payable	<u>5,945</u>	<u>6,274</u>
Total current liabilities	199,264	180,932
Long-term liabilities		
Notes payable, net of current maturities	<u>30,002</u>	<u>35,947</u>
Total liabilities	<u>229,266</u>	<u>216,879</u>
Net assets		
Unrestricted	341,754	359,644
Temporarily restricted	42,114	172,554
Permanently restricted	<u>400,000</u>	<u>400,000</u>
Total net assets	<u>783,868</u>	<u>932,198</u>
Total liabilities and net assets	<u>\$ 1,013,134</u>	<u>\$ 1,149,077</u>

See notes to financial statements.

THE BLACK ROCK FOREST CONSORTIUM, INC.

Statement of Activities

For the Years Ended September 30

	2013			2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and revenue							
Program contributions	\$ 34,335	\$ 125,000	\$ -	\$ 159,335	\$ 27,390	\$ -	\$ 30,675
Education and research	-	15,867	-	15,867	15,902	-	15,902
National Heritage	-	-	-	-	25,000	-	25,000
North Slope Project	-	-	-	-	9,693	-	9,693
Telemetry network	-	-	-	-	3,500	-	3,500
Connectivity Project	-	13,500	-	13,500	-	-	779,882
Other contributions	514,648	-	-	514,648	-	-	90,000
Grants	50,000	-	-	50,000	90,000	-	300,433
Membership dues	333,450	(12,240)	-	321,210	(12,000)	-	60,615
Lodging and other	102,538	-	-	102,538	-	-	127
Interest	71	-	-	71	-	-	-
Net assets released from restrictions	272,567	(272,567)	-	-	(303,981)	-	-
Total support and revenue	1,307,609	(130,440)	-	1,177,169	(234,496)	-	1,315,827
Expenses							
Program services	940,841	-	-	940,841	864,150	-	864,150
Supporting services							
Management and general	216,819	-	-	216,819	235,051	-	235,051
Fundraising	167,839	-	-	167,839	145,269	-	145,269
Total supporting services	384,658	-	-	384,658	380,320	-	380,320
Total expenses	1,325,499	-	-	1,325,499	1,244,470	-	1,244,470
Increase (decrease) in net assets	(17,890)	(130,440)	-	(148,330)	305,853	(234,496)	71,357
Net assets, beginning of year	359,644	172,554	400,000	932,198	407,050	400,000	860,841
Net assets, end of year	\$ 341,754	\$ 42,114	\$ 400,000	\$ 783,868	\$ 172,554	\$ 400,000	\$ 932,198

See notes to financial statements.

2012
Temporarily Restricted
Permanently Restricted
DRAFT

THE BLACK ROCK FOREST CONSORTIUM, INC.

Statement of Functional Expenses

For the Years Ended September 30

	2013			2012		
	Supporting Services		Program Services	Supporting Services		Program Services
	Management and General	Fundraising		Management and General	Fundraising	
Payroll	\$ 447,399	\$ 88,472	\$ 427,794	\$ 105,560	\$ 83,953	\$ 617,307
Payroll taxes and employee benefits	126,783	25,724	116,653	28,803	22,894	168,350
Total payroll and payroll taxes and employee benefits	574,182	114,196	544,447	134,363	106,847	785,657
Other than personnel services						
Grants	36,429	-	57,938	-	-	57,938
Utilities	28,690	-	24,027	2,670	-	26,697
Telephone	5,684	520	5,916	1,578	395	7,889
Office and administrative services	-	-	-	21,661	-	21,661
Maintenance equipment	30,157	-	28,397	-	-	28,397
Equipment, repairs and supplies	4,341	-	11,221	-	-	11,221
Postage and delivery	1,181	-	2,570	2,570	-	5,140
Building and ground maintenance	43,724	-	38,097	4,233	-	42,330
Professional fees	81,988	7,908	63,751	23,329	-	87,080
Education	56,830	-	7,109	-	-	7,109
Insurance	44,254	-	41,577	4,620	-	46,197
Newsletter	3,047	-	3,198	-	-	3,198
Conferences	497	-	1,868	-	-	1,868
Travel and meals	17,341	326	21,771	-	-	21,771
Bank charges	-	2,526	-	869	-	869
Fundraising event	-	44,889	-	-	38,027	38,027
Interest	-	1,619	-	2,481	-	2,481
Miscellaneous	-	13,345	-	35,315	-	35,315
Depreciation and amortization	12,496	-	12,263	1,362	-	13,625
Total other than personnel services	366,659	53,643	319,703	100,688	38,422	458,813
Total	\$ 940,841	\$ 167,839	\$ 864,150	\$ 235,051	\$ 145,269	\$ 1,244,470

See notes to financial statements.

2012
DRAFT
 Supporting Services
 Management and General
 Fundraising

THE BLACK ROCK FOREST CONSORTIUM, INC.

DRAFT

Statement of Cash Flows

	For the Years Ended	
	September 30	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (148,330)	\$ 71,357
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	13,884	13,625
(Increase) decrease in current assets		
Accounts receivable	(64,152)	(21,174)
Grants receivable	31,048	176,450
Prepaid expenses	6,568	1,022
Increase (decrease) in current liabilities		
Accounts payable and accrued expenses	(7,965)	5,485
Deferred revenue	<u>26,626</u>	<u>(951)</u>
Net cash provided by (used in) operating activities	<u>(142,321)</u>	<u>245,814</u>
Cash flows (used in) investing activities		
Purchases of property and equipment	<u>(1,293)</u>	<u>(2,988)</u>
Cash flows (used in) financing activities		
Repayments of notes payable	<u>(6,274)</u>	<u>(7,666)</u>
Net increase (decrease) in cash	(149,888)	235,160
Cash, beginning of year	<u>888,352</u>	<u>653,192</u>
Cash, end of year	<u>\$ 738,464</u>	<u>\$ 888,352</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 1,619</u>	<u>\$ 2,481</u>

See notes to financial statements.

THE BLACK ROCK FOREST CONSORTIUM, INC.**DRAFT****Notes to Financial Statements
September 30, 2013 and September 30, 2012****Note 1 – Nature of organization**

The Black Rock Forest Consortium, Inc. (the “Consortium”), a New York not-for-profit corporation, is an alliance of colleges and universities, public and independent schools, and scientific and cultural institutions formed in 1989. The Consortium, pursuant to a lease with The Black Rock Forest Preserve, Inc. (the “Preserve”) manages and operates The Black Rock Forest (the “Forest”) consisting of approximately 4,000 acres of forest which is located near the west bank of the Hudson River in Orange County, New York.

The Consortium promotes research, education and conservation through its operation of the Center for Science and Education (the “Center”) located within The Black Rock Forest. The Center was opened in 1999 and includes laboratories, lecture rooms, computer and office areas, and a library/meeting center. In addition, the Consortium is operating the Black Rock Forest Lodge (the “Lodge”). The Lodge can accommodate 70 overnight visitors and provides dining and catering facilities and lecture space.

Note 2 – Summary of significant accounting policies**Financial reporting**

The Consortium classifies its net assets into three categories as follows:

- Unrestricted net assets consist of amounts that can be spent at the discretion of the Consortium to support operations.
- Temporarily restricted net assets consist of contributions restricted for a particular purpose or that relate to future periods.
- Permanently restricted net assets consist of contributions that are permanently restricted by the donor.

Revenue recognition

The Consortium receives substantially all of its revenue from individual and corporate contributors, educational institutions, public and private foundations, state and local governments and not-for-profit organizations.

Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of time or purpose restrictions.

THE BLACK ROCK FOREST CONSORTIUM, INC.

DRAFTNotes to Financial Statements (continued)
September 30, 2013 and September 30, 2012**Note 2 – Summary of significant accounting policies (continued)**Cash and cash equivalents

The Consortium considers all highly liquid investments with original maturities of 90 days or less to be cash equivalents.

Allowance for doubtful accounts

The Consortium does not have an allowance for doubtful accounts at September 30, 2013 and 2012 for any potentially uncollectible receivables. Such estimate is based on management's experience, the aging of receivables, subsequent receipts and current economic conditions.

Property and equipment

Property and equipment are carried at cost if purchased or, if donated, they are carried at fair value as of the date of the donation. The Consortium capitalizes items over a nominal amount and with an estimated useful life greater than one year. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the respective assets, which range from five to thirty-nine years.

Deferred revenue

Membership dues are recognized ratably as revenue over the membership period. Amounts not yet earned as of the statement of financial position date are reported as deferred revenue.

Functional expenses

The costs of providing the various programs and activities are summarized on a functional basis in the statement of activities. Expenses that are incurred for a specific program are classified as an expense of that program. Indirect expenses, such as the cost of the Consortium's staff, have been allocated based on time spent in conjunction with a specific program or service.

Concentrations of credit risk

The Consortium's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, accounts and grants receivable. The Consortium invests its cash in financial instruments issued by financial institutions that it believes to be of a high quality. The Consortium has not experienced any losses in such accounts to date. The Consortium's accounts and grants receivable consist principally of amounts due from various donors. The Consortium believes no significant concentrations of credit risk exist with respect to its cash, accounts and grants receivable.

THE BLACK ROCK FOREST CONSORTIUM, INC.

DRAFTNotes to Financial Statements (continued)
September 30, 2013 and September 30, 2012**Note 2 – Summary of significant accounting policies (continued)**Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Subsequent events

The Consortium has evaluated events and transactions for potential recognition or disclosure through March __, 2014, which is the date the financial statements were available to be issued.

Note 3 – Grants receivable

The grants receivable are due in the 2014 fiscal year.

Note 4 – Property and equipment

Property and equipment consist of the following:

	<u>September 30</u>	
	<u>2013</u>	<u>2012</u>
Transportation, grounds and other operating equipment	\$ 289,012	\$ 289,012
Computer and related equipment	24,327	23,034
Leasehold improvements	<u>30,596</u>	<u>30,596</u>
Total	343,935	342,642
Less accumulated depreciation and amortization	<u>185,070</u>	<u>171,186</u>
Net property and equipment	<u>\$ 158,865</u>	<u>\$ 171,456</u>

THE BLACK ROCK FOREST CONSORTIUM, INC.

DRAFTNotes to Financial Statements (continued)
September 30, 2013 and September 30, 2012Note 5 – Notes payable to the Black Rock Forest Preserve, Inc.

Notes payable to The Black Rock Forest Preserve, Inc. consist of the following:

	<u>September 30</u>	
	<u>2013</u>	<u>2012</u>
Note issued in June 2004 in the original amount of \$40,735 related to the purchase of a truck. The note requires interest at the rate of 5% per annum, is unsecured and matures in June 2019.	\$ 19,283	\$ 22,108
Note issued in February 2008 in the original amount of \$10,000 related to the purchase of a truck. The note required interest at the rate of 5% per annum, was unsecured and repaid in December 2012.	-	561
Note issued in January 2011 in the original amount of \$24,404 related to the purchase of a truck. The note requires interest at the rate of 3% per annum, is unsecured and matures in December 2018.	<u>16,664</u>	<u>19,552</u>
Total	35,947	42,221
Less current maturities	<u>5,945</u>	<u>6,274</u>
Net long-term portion	<u>\$ 30,002</u>	<u>\$ 35,947</u>

The future minimum payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 5,945
2015	6,187
2016	6,439
2017	6,703
2018	6,978
2019	<u>3,695</u>
Total	<u>\$ 35,947</u>

THE BLACK ROCK FOREST CONSORTIUM, INC.

DRAFT

Notes to Financial Statements (continued)
September 30, 2013 and September 30, 2012

Note 6 – Temporarily restricted net assets

The following is a summary of temporarily restricted net assets for the year ended September 30, 2013:

	Balance, September 30, <u>2012</u>	<u>Contributions</u>	Net Assets Released	Balance, September 30, <u>2013</u>
Education and research	\$ -	\$ 125,000	\$ 111,000	\$ 14,000
Natural Heritage	-	15,867	15,867	-
Connectivity Project	-	13,500	13,500	-
Virtual Forest Program	<u>172,554</u>	<u>-</u>	<u>144,440</u>	<u>28,114</u>
	<u>\$ 172,554</u>	<u>\$ 154,367</u>	<u>\$ 284,807</u>	<u>\$ 42,114</u>

Note 7 – Permanently restricted net assets

The Consortium is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. The Consortium classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The investment return on such endowment funds is expendable for the purpose of maintaining and operating the Forest.

Funds with deficiencies

There were no endowment fund deficiencies as of September 30, 2013 and 2012.

The following is a summary of the permanently restricted net assets as of September 30, 2013 and September 30, 2012:

Support Endowment - Consortium	<u>\$ 400,000</u>
Total	<u>\$ 400,000</u>

THE BLACK ROCK FOREST CONSORTIUM, INC.

DRAFT**Notes to Financial Statements (continued)
September 30, 2013 and September 30, 2012****Note 8 – Related party transactions**

The Consortium and the Preserve have two common officers of the Board of Directors. The Consortium leases the Forest, Center and Lodge from the Preserve pursuant to a 20-year lease, which requires an annual rental payment of \$1 and expires on October 9, 2029. The Consortium is required to pay certain operating costs of the property, as outlined in the agreement.

The Golden Family Foundation (the “Foundation”) contributed \$229,656 and \$504,892 for the years ended September 30, 2013 and 2012, respectively. An officer of the Foundation is also an officer of the Consortium.

Note 9 – Retirement plans

Effective January 1, 2011, the Consortium established a 403(b) retirement plan for all eligible employees. Participants may defer a portion of their annual compensation in accordance with the limits established by the Internal Revenue Code. The Consortium made contributions to the plan totaling \$36,611 and \$37,129 for the 2013 and 2012 fiscal years, respectively. With establishment of the 401(k) plan below, the Consortium discontinued utilizing this retirement plan.

Effective August 1, 2013, the Consortium established a 401(k) plan for all eligible employees. Participants may defer a portion of their annual compensation in accordance with the limits established by the Internal Revenue Code. The Consortium made contributions to the plan totaling \$6,734 for the 2013 fiscal year.

Note 10 – Tax status

The Consortium is a not-for-profit organization and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, it is not subject to federal, state and local income taxes and, therefore, no provision has been made for income taxes. As of September 30, 2013, no amounts were recognized for uncertain income tax positions. In addition, the Consortium’s tax returns for the 2010 fiscal year and forward are subject to the usual review by the appropriate authorities.