

**ADIRONDACK NORTH COUNTRY
ASSOCIATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Adirondack North Country Association, Inc.
67 Main Street, Suite 201
Saranac Lake, New York 12983**

We have audited the accompanying statements of financial position of Adirondack North Country Association, Inc. (a nonprofit organization) as of December 31, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adirondack North Country Association, Inc. as of December 31, 2009 and 2008 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Adirondack North Country Association, Inc. taken as a whole. The schedules of expenses and two year financial comparison are presented for purposes of additional analysis and are not a required part of the financial statements of the Organization. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Patrick R. Ida, CPA

May 26, 2010

ADIRONDACK NORTH COUNTRY ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash - Note 2	\$472 051	\$644 337
Grants receivable	51 561	-
Investments - Note 3	2 606	2 414
Property and equipment - Note 4	<u>-</u>	<u>-</u>
Total assets	<u>\$526 218</u>	<u>\$646 751</u>
 NET ASSETS		
Unrestricted	\$217 375	\$227 365
Temporarily restricted - Note 5	<u>308 843</u>	<u>419 386</u>
Total net assets	<u>\$526 218</u>	<u>\$646 751</u>

See Notes to Financial Statements

ADIRONDACK NORTH COUNTRY ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2009 and 2008

UNRESTRICTED NET ASSETS	<u>2009</u>	<u>2008</u>
Support and Revenues		
Contributions	\$ 9 258	\$ 17 038
Memberships	10 315	8 815
Investment return - Note 3	3 471	2 694
Meeting fees	4 200	1 915
Miscellaneous	<u>2 559</u>	<u>498</u>
Total unrestricted support and revenues	29 803	30 960
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>499 475</u>	<u>664 083</u>
Total unrestricted support, revenues, and reclassifications	<u>529 278</u>	<u>695 043</u>
 Expenses		
Tourism	180 615	222 496
Agriculture	90 890	41 057
Natural Resources	-	-
Enterprise Development	225 969	377 964
General and administrative, including depreciation expense of \$-0- in 2009; and \$228 in 2008	<u>41 794</u>	<u>45 921</u>
Total expenses	<u>539 268</u>	<u>687 438</u>
Increase (decrease) in unrestricted net assets	<u>(9 990)</u>	<u>7 605</u>
 TEMPORARILY RESTRICTED NET ASSETS		
Grants - New York State - Note 6	265 539	424 984
Grants - Federal - Note 6	105 196	298 942
Support for regional tourism and economic development	14 197	26 478
Support for agriculture	4 000	321
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>(499 475)</u>	<u>(664 083)</u>
Increase (decrease) in temporarily restricted net assets	<u>(110 543)</u>	<u>86 642</u>
 Increase (decrease) in net assets	(120 533)	94 247
 Net assets at beginning of year	<u>646 751</u>	<u>552 504</u>
 Net assets at end of year	<u>\$ 526 218</u>	<u>\$ 646 751</u>

See Notes to Financial Statements

ADIRONDACK NORTH COUNTRY ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (120 533)	\$ 94 247
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	-	228
Unrealized (gain) loss on investments	(172)	2 182
 Changes in assets and liabilities		
(Increase) decrease in:		
Grants receivable	<u>(51 561)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(172 266)</u>	<u>96 657</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment securities	(20)	(80)
Collections on loans receivable	<u>-</u>	<u>2 000</u>
Net cash provided by (used in) investing activities	<u>(20)</u>	<u>1 920</u>
 Net increase (decrease) in cash and cash equivalents	(172 286)	98 577
 CASH AND CASH EQUIVALENTS		
Beginning	<u>644 337</u>	<u>545 760</u>
Ending	<u>\$ 472 051</u>	<u>\$ 644 337</u>
 SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Non cash contributions	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements

**ADIRONDACK NORTH COUNTRY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Adirondack North Country Association, Inc. (the Association) have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Nature of Activities

The Association is a not-for-profit organization organized under the laws of the State of New York to support educational and regional economic development in New York State's 14 counties north of the Mohawk River.

Income Tax Status

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Association considers all unrestricted highly liquid investments with an initial maturity of six months or less to be cash equivalents.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises become unconditional.

ADIRONDACK NORTH COUNTRY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Association carries investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statements of Financial Position. Equity securities without readily determinable fair values are stated at cost. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

Property and Equipment

All acquisitions of property and equipment in excess of \$1000 and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets and interest on constructions loans are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using straight-line and accelerated methods.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

ADIRONDACK NORTH COUNTRY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Concentration of Support

The Association receives a substantial amount of its support from state, federal, and local governments. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Association's programs and activities.

NOTE 2. FINANCIAL INSTRUMENTS

Concentrations of Credit Risk Due to Promises to Give Receivable

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of promises to give receivable and are limited to one contributor. As of December 31, 2009 the Association had no significant concentrations of credit risk related to promises to give.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Association maintains its cash balances at one financial institution located in Northern New York State. Accounts are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 for the years ended December 31, 2009 and 2008. At December 31, 2009 and 2008 the Association's uninsured balances totaled \$24,080 and \$306,332, respectively.

**ADIRONDACK NORTH COUNTRY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. INVESTMENTS AND INVESTMENT EXPENSES

Investments

Investments are stated at fair value and are composed of the following:

	December 31, 2009		Unrealized Appreciation (Depreciation)
	Cost	Fair Value	
	Corporate stocks and bonds	\$ 4 041	

	December 31, 2008		Unrealized Appreciation (Depreciation)
	Cost	Fair Value	
	Corporate stocks and bonds	\$ 4 021	

The following schedule summarizes the investment return and its classification in the Statements of Activities.

	December 31, 2009		Total
	Unrestricted	Restricted	
Interest	\$ 3 233	\$ -	\$ 3 233
Dividends	66	-	66
Net unrealized gains (losses)	172	-	172
	\$ 3 471	\$ -	\$ 3 471

	December 31, 2008		Total
	Unrestricted	Restricted	
Interest	\$ 4 706	\$ -	\$ 4 706
Dividends	170	-	170
Net unrealized gains (losses)	(2 182)	-	(2 182)
	\$ 2 694	\$ -	\$ 2 694

Investment Expenses

There were no expenses related to investment return, including custodial and investment advisor fees.

**ADIRONDACK NORTH COUNTRY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31	
	2009	2008
Equipment and furniture	\$152 656	\$152 656
Less accumulated depreciation	<u>152 656</u>	<u>152 656</u>
	<u>\$ -</u>	<u>\$ -</u>

Included in accumulated depreciation is depreciation expense of \$-0- for 2009 and \$228 for 2008.

NOTE 5. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	December 31	
	2009	2008
North Country Marketing Programs	\$ 156 091	\$ 152 533
Federal projects	<u>152 752</u>	<u>266 853</u>
	<u>\$ 308 843</u>	<u>\$ 419 386</u>

**ADIRONDACK NORTH COUNTRY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. GRANTS

Grants for the year ended December 31, 2009 and 2008 are as follows:

<u>Fund/Source</u>	<u>Purpose</u>	<u>2009</u>	<u>2008</u>
New York State:			
Housing Trust Fund Corporation	Main Street Program	\$ 14 875	\$ 11 799
Department of Economic Development (DED)	Enterprise Development	213 752	308 885
Department of State	Quality Communities Program	35 012	102 300
Department of Environmental Conservation	Common Ground	<u>1 900</u>	<u>2 000</u>
		<u>265 539</u>	<u>424 984</u>
Federal:			
Federal Highway Administration (FHA)	Adirondack North Country Byways	47 266	250 792
United States Department Of Agriculture (USDA)	Grazing Lands Conservation	57 930	48 150
United States Forest Service	Wood Products	<u>-</u>	<u>-</u>
		<u>105 196</u>	<u>298 942</u>
		<u>\$ 370 735</u>	<u>\$ 723 926</u>

NOTE 7. DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

The following program and supporting services are included in the accompanying financial statements:

Tourism - Includes development of promotional and educational materials about the Adirondack North Country scenic byways and development of recreational planning models in the areas of bicycle routes planning and promotion, maintenance and stabilization of the Remsen-Lake Placid rail corridor, and promoting tourism of upstate New York.

Agriculture - Supports regional agricultural diversification through marketing and technical assistance services for regional producers.

Natural Resources - Support of wood-based enterprise development and expansion through the provision of ongoing technical assistance, education, training, and field support to promote wood industry development in the Adirondack North Country.

**ADIRONDACK NORTH COUNTRY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 7. DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES (continued)

Enterprise Development - To promote economic development through direct involvement with new projects and ventures providing community and enterprise development planning and marketing. Other core initiatives include crafts industry development and regional promotion through a web-site.

Services and Culture - Provides support in the areas of health and human services, museums, arts, and education.

Management and General - Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Association's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal service for the program administration of the Association; and manage the financial and budgetary responsibilities of the Association.

Development/Public Relations - Activities designed to encourage and secure private financial support from individuals, foundations, and corporations and to communicate information about the Association, its programs and program results to a large constituency.

ADIRONDACK NORTH COUNTRY ASSOCIATION, INC.
SCHEDULE OF EXPENSES
For the Year Ended December 31, 2009, with Comparative Totals for 2008

	<u>Tourism</u>	<u>Agriculture</u>	<u>Natural Resources</u>	<u>Enterprise Development</u>	<u>General and Administrative</u>	<u>2009</u>	<u>Totals 2008</u>
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 31 389	\$ 31 389	\$ 29 101
Accounting	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	228
Equipment maintenance	-	-	-	-	-	-	-
Insurance	-	-	-	-	2 000	2 000	135
Meeting costs -	-	-	-	3 925	3 925	125	-
Miscellaneous	-	-	-	-	304	304	1 818
Occupancy	-	-	-	-	-	-	11 878
Program expenses	180 615	90 890	-	225 969	-	497 474	641 517
Supplies	-	-	-	-	-	-	-
Taxes, payroll	-	-	-	-	4 176	4 176	2 636
Totals	<u>\$ 180 615</u>	<u>\$ 90 890</u>	<u>\$ -</u>	<u>\$ 225 969</u>	<u>\$ 41 794</u>	<u>\$ 539 286</u>	<u>\$ 687 438</u>

ADIRONDACK NORTH COUNTRY ASSOCIATION, INC.
TWO YEAR FINANCIAL COMPARISON
For the Years Ended December 31, 2009 and 2008

INCOME	<u>2009</u>	<u>2008</u>
Private contributions	\$ 9 258	\$ 17 038
County memberships	10 315	8 815
Government program grants	370 735	723 926
Maps/Miscellaneous	2 559	498
Meetings	4 200	1 915
Investment return	3 471	2 694
Support for Regional Tourism, Economic Development and Agriculture	4 000	14 321
Sales	<u>14 197</u>	<u>12 478</u>
Total income	<u>418 735</u>	<u>81 685</u>
 EXPENSES		
Program	497 474	641 517
General and administrative	<u>41 794</u>	<u>45 921</u>
Total expenses	<u>539 268</u>	<u>687 438</u>
 Increase (decrease) in net assets	 <u>\$ (120 533)</u>	 <u>\$ 94 247</u>