

CRYSTAL RUN VILLAGE FOUNDATION, INC.

**Financial Statements
as of March 31, 2022
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

November 16, 2022

To the Board of Directors of
Crystal Run Village Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Crystal Run Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities and change in net assets and cash flows for the year 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 Crystal Run Village Foundation, Inc. as of March 31, 2022, 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. 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 Crystal Run Village Foundation Inc. 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.

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 Crystal Run Village Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

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, including omissions, 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 Crystal Run Village Foundation Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crystal Run Village Foundation Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Crystal Run Village Foundation Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CRYSTAL RUN VILLAGE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2022

(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 655,992	\$ 868,344
Prepaid expenses and other current assets	<u>21,851</u>	<u>17,732</u>
Total current assets	<u>677,843</u>	<u>886,076</u>
OTHER ASSETS:		
Investments	4,023,415	4,028,757
Investment in the Community Foundation	41,543	40,105
Property and equipment, net	<u>171,629</u>	<u>130,320</u>
Total other assets	<u>4,236,587</u>	<u>4,199,182</u>
Total assets	<u>\$ 4,914,430</u>	<u>\$ 5,085,258</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 2,378	\$ 320
Due to related party	261,356	124,974
Deferred revenue	<u>266</u>	<u>7,400</u>
Total liabilities	<u>264,000</u>	<u>132,694</u>
NET ASSETS:		
Without donor restrictions	4,292,725	4,569,960
With donor restrictions	<u>357,705</u>	<u>382,604</u>
Total net assets	<u>4,650,430</u>	<u>4,952,564</u>
Total liabilities and net assets	<u>\$ 4,914,430</u>	<u>\$ 5,085,258</u>

The accompanying notes are an integral part of these statements.

CRYSTAL RUN VILLAGE FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2022

(With Comparative Totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUES:				
Special events	\$ 75,685	\$ -	\$ 75,685	\$ 60,565
Contributions (including non-cash contributions of \$50,000 in 2022)	163,439	5,327	168,766	135,361
Investment income (loss), net	(5,408)	-	(5,408)	1,111,025
Release of restrictions	30,226	(30,226)	-	-
Total support and revenues	263,942	(24,899)	239,043	1,306,951
EXPENSES:				
Program services -				
Special events	25,553	-	25,553	15,221
Grant expense	225,486	-	225,486	271,814
Consumer welfare - occupancy	33,662	-	33,662	28,958
Total program services	284,701	-	284,701	315,993
Management and general -				
Management fees	147,449	-	147,449	155,411
Occupancy	8,177	-	8,177	6,636
Office	9,052	-	9,052	3,244
Professional fees	20,236	-	20,236	22,903
Software	16,027	-	16,027	15,290
Insurance	11,321	-	11,321	13,873
Other	27,690	-	27,690	12,293
Total management and general	239,952	-	239,952	229,650
Fundraising	16,524	-	16,524	8,379
Total expenses	541,177	-	541,177	554,022
CHANGE IN NET ASSETS	(277,235)	(24,899)	(302,134)	752,929
NET ASSETS - beginning of year	4,569,960	382,604	4,952,564	4,199,635
NET ASSETS - end of year	\$ 4,292,725	\$ 357,705	\$ 4,650,430	\$ 4,952,564

The accompanying notes are an integral part of these statements.

CRYSTAL RUN VILLAGE FOUNDATION, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022 (With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (302,134)	\$ 752,929
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	8,691	8,691
(Gain)/loss on investments	58,402	(1,083,825)
Non-cash contributions of property and equipment	(50,000)	-
Changes in:		
Prepaid expenses and other current assets	(4,119)	(10,698)
Investment in the Community Foundation	(1,438)	(9,731)
Accounts payable and accrued expenses	2,058	320
Due to related party	136,382	74,868
Deferred revenue	(7,134)	7,400
	<u>(159,292)</u>	<u>(260,046)</u>
Net cash flow from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of investments	(1,237,428)	(1,197,314)
Proceeds from sale of investments	<u>1,184,368</u>	<u>1,179,520</u>
	<u>(53,060)</u>	<u>(17,794)</u>
Net cash flow from investing activities		
CHANGE IN CASH	(212,352)	(277,840)
CASH - beginning of year	<u>868,344</u>	<u>1,146,184</u>
CASH - end of year	<u>\$ 655,992</u>	<u>\$ 868,344</u>

The accompanying notes are an integral part of these statements.

CRYSTAL RUN VILLAGE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022

1. THE ORGANIZATION

Crystal Run Village Foundation, Inc. (the Foundation) is a nonprofit organization organized under the Not-for-Profit Corporation Law of New York. The Foundation solicits donations, gifts and raises funds from the public to assist the needs of individuals with developmental disabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States (GAAP).

Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended March 31, 2021, from which the summarized information was derived.

Financial Reporting

The Foundation reports its activities and the related net assets using the following net asset categories:

- **Net Assets Without Donor Restrictions**

Net assets without donor restrictions include resources that are available for the support of the Foundation's operating activities. In addition, they include the Foundation's net investment in property and equipment.

- **Net Assets With Donor Restrictions**

Net assets with donor restrictions include resources that have been donated to the Foundation subject to restrictions as defined by the donor. When a donor restriction is met, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction. If donor-imposed restrictions were met in the same reporting period as the recognition of the contribution, the contribution is reported as net assets without donor restrictions.

Cash

Cash consists of bank demand deposit accounts, which at times may exceed federally insured limits, and money market funds, which are not federally insured. The Foundation has not experienced any losses in such accounts and believe that they are not exposed to any credit risk with respect to cash.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are recorded at fair value based on quoted market prices. The Foundation invests in various types of investment securities. Investment income is included in the statements of activities and change in net assets.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. 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 that such changes could materially affect the amounts reported in the accompanying financial statements.

Financial Instruments Measured at Fair Value

Generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation's assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Foundation in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The valuation technique used to measure fair value for the Foundation's investments in money market funds, fixed income mutual funds and equity mutual funds was based on quoted market prices, consistent with the market approach using level 1 inputs.

The valuation technique used to measure fair value of the Foundation's investment in the Community Foundation was based on the Foundation's percentage of the fair value of the underlying investments, consistent with the market approach using level 2 inputs.

There were no changes to the valuation techniques during 2022 or 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost if purchased or the fair market value at the date of donation. Expenditures for property and equipment greater than \$5,000 and with an estimated useful lives in excess of one year are capitalized. Maintenance and repairs are charged to operations when incurred. Depreciation expense is recorded on all property and equipment on a straight-line basis over the estimated useful lives of the respective assets, which range between five (5) to 25 years.

Contributions

Contributions are recognized as revenue in the year an unconditional promise to give is received and are recorded at fair value. Contributions are recorded as without donor restrictions or with donor restrictions depending on the nature of the donor-imposed restrictions. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor's restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions.

Wills, Trusts and Estates Revenue

The Foundation is the beneficiary under various will and trust agreements, the total realizable value of which is not presently determinable; therefore, these amounts are not recorded until the donor is deceased and no longer able to change their beneficiary.

Subsequent to year-end, the Foundation received two estate gifts that were finalized totaling \$626,719. This amount has been recorded in fiscal year 2023.

Allocation of Certain Expenses

The costs of providing the program and supporting service activities have been directly charged.

Income Taxes

The Foundation is a New York not-for-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

Donated Services

Volunteers have donated significant amounts of time in support of the Foundation's activities. However, the values of these services do not meet the criteria for recognition under generally accepted accounting principles.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. LIQUIDITY

The Foundation has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation analyzes projects before funding them to ensure adequate resources are available.

The Foundation's financial assets available within one year of the statements of financial position date for general expenditure were as follows:

	<u>2022</u>	<u>2021</u>
Cash and equivalents	\$ 655,992	\$ 868,344
Investments	<u>4,064,958</u>	<u>4,068,862</u>
Total financial assets	4,720,950	4,937,206
Less those unavailable for general expenditure:		
Subject to satisfaction of donor restrictions	<u>(357,705)</u>	<u>(382,604)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,363,245</u>	<u>\$ 4,554,602</u>

4. INVESTMENTS

Investments consist of the following at March 31:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 145,511	\$ 72,079
Fixed income mutual funds	1,310,888	1,321,095
Equity funds	<u>2,567,016</u>	<u>2,635,583</u>
	<u>\$ 4,023,415</u>	<u>\$ 4,028,757</u>

Investment income, net reported in the statement of activities and changes in net assets consisted of the following for the year ended March 31:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 81,294	\$ 52,628
Realized and unrealized gain (loss)	(58,402)	1,083,825
Investment management fees	<u>(28,300)</u>	<u>(25,428)</u>
	<u>\$ (5,408)</u>	<u>\$ 1,111,025</u>

5. INVESTMENT IN THE COMMUNITY FOUNDATION

The Foundation has established an account at the Community Foundation of Orange and Sullivan (the Community Foundation). These accounts are included in the accompanying statement of financial position as an investment in the Community Foundation at fair value. Withdrawals from the account require approval by the Community Foundation's Board of Directors. At March 31, 2022 and 2021, there were no unfunded commitments. Investments in the Community Foundation for the years ending March 31, 2022 and 2021 amounted to \$41,543 and \$40,105, respectively.

6. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at March 31, 2022:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 145,511	\$ -	\$ -	\$ 145,511
Fixed income mutual funds	1,310,888	-	-	1,310,888
Equity mutual funds	<u>2,567,016</u>	<u>-</u>	<u>-</u>	<u>2,567,016</u>
Total investments	4,023,415	-	-	4,023,415
Investments in the Community Foundation	<u>-</u>	<u>41,543</u>	<u>-</u>	<u>41,543</u>
Total	<u>\$ 4,023,415</u>	<u>\$ 41,543</u>	<u>\$ -</u>	<u>\$ 4,064,958</u>

The following are measured at fair value on a recurring basis at March 31, 2021:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 72,079	\$ -	\$ -	\$ 72,079
Fixed income mutual funds	1,321,095	-	-	1,321,095
Equity mutual funds	<u>2,635,583</u>	<u>-</u>	<u>-</u>	<u>2,635,583</u>
Total investments	4,028,757	-	-	4,028,757
Investments in the Community Foundation	<u>-</u>	<u>40,105</u>	<u>-</u>	<u>40,105</u>
Total	<u>\$ 4,028,757</u>	<u>\$ 40,105</u>	<u>\$ -</u>	<u>\$ 4,068,862</u>

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at March 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 55,430	\$ 5,430
Buildings and improvements	158,249	158,249
Furniture and equipment	<u>13,200</u>	<u>13,200</u>
	226,879	176,879
Less: Accumulated depreciation	<u>(55,250)</u>	<u>(46,559)</u>
	<u>\$ 171,629</u>	<u>\$ 130,320</u>

Depreciation expense was \$8,691 for the years ended March 31, 2022 and 2021.

8. RELATED PARTY TRANSACTIONS

Crystal Run Village, Inc. (CRVI) provides services to people with disabilities in the Hudson Valley and Catskill regions of New York. The Foundation shares common management, staff and administrative support with CRVI.

The Foundation reimburses CRVI for management support on a quarterly basis under the terms of an operating agreement. At March 31, 2022 and 2021, the Foundation owed CRVI \$261,356 and \$124,974 related to this agreement, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with Specific Purposes

At March 31, net assets identified by their specific purposes amounted to:

	<u>2022</u>	<u>2021</u>
Continuing education	\$ 353,382	\$ 357,355
Special needs of those with developmental disabilities	4,323	13,723
Staff appreciation	<u>-</u>	<u>11,526</u>
	<u>\$ 357,705</u>	<u>\$ 382,604</u>

Release of Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

	<u>2022</u>	<u>2021</u>
Continuing education	\$ 5,000	\$ -
Special needs of those with developmental disabilities	13,700	-
Staff appreciation	<u>11,526</u>	<u>21,430</u>
	<u>\$ 30,226</u>	<u>\$ 21,430</u>

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 16, 2022, which is the date the financial statements were available to be issued.