

*UNDERGROUND RAILROAD HISTORY PROJECT
OF THE CAPITAL REGION, INC.*

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

UNDERGROUND RAILROAD HISTORY PROJECT OF THE CAPITAL REGION, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors
Underground Railroad History Project
of the Capital Region, Inc.
Albany, New York

We have reviewed the accompanying financial statements of the Underground Railroad History Project of the Capital Region, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Underground Railroad History Project of the Capital Region, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
May __, 2023

UNDERGROUND RAILROAD HISTORY PROJECT OF THE CAPITAL REGION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 161,705	\$ 133,313
Investments	64,841	73,876
Accounts and Grants Receivable	30,177	4,086
Note Receivable, Current	<u>38,662</u>	<u>12,000</u>
Total Current Assets	295,385	223,275
Historic Properties	876,722	655,220
Note Receivable	<u>-</u>	<u>37,662</u>
Total Assets	<u>\$ 1,172,107</u>	<u>\$ 916,157</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Notes Payable	\$ 150,000	\$ -
Accounts Payable and Accrued Expenses	817	1,849
Deferred Revenue	<u>10,000</u>	<u>10,000</u>
Total Current Liabilities	160,817	11,849
Net Assets		
Historic Properties	876,722	655,220
Without Donor Restrictions	<u>134,568</u>	<u>249,088</u>
Total Without Donor Restrictions - Net Assets	<u>1,011,290</u>	<u>904,308</u>
Total Liabilities and Net Assets	<u>\$ 1,172,107</u>	<u>\$ 916,157</u>

UNDERGROUND RAILROAD HISTORY PROJECT OF THE CAPITAL REGION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Contributions and Grants	\$ 274,332	\$ 258,630
Conferences and Workshops	17,888	7,507
Investment Returns, Net	<u>(8,780)</u>	<u>5,226</u>
Total Operating Revenues	<u>283,440</u>	<u>271,363</u>
Operating Expenses		
Program Expenses		
Payroll	64,457	39,327
Payroll Taxes	4,965	2,758
Consulting	22,772	16,573
Advertising and Promotion	8,277	4,841
Office	3,418	4,840
Occupancy	21,468	14,267
Conferences and Meetings	11,392	7,015
Travel	2,170	-
Interest	-	16,361
Insurance	6,650	6,435
Printing	6,252	2,896
Program Expenses	8,804	2,283
Postage	1,084	1,438
Bank Charges	1,215	1,047
Miscellaneous	<u>1,818</u>	<u>1,015</u>
Total Program Expenses	<u>164,742</u>	<u>121,096</u>
Management and General Expenses		
Payroll	4,269	3,577
Payroll Taxes	327	244
Accounting	<u>7,120</u>	<u>3,762</u>
Total Management and General Expenses	<u>11,716</u>	<u>7,583</u>
Total Operating Expenses	<u>176,458</u>	<u>128,679</u>
Change in Net Assets	106,982	142,684
Net Assets, Beginning of Year	<u>904,308</u>	<u>761,624</u>
Net Assets, End of Year	<u>\$ 1,011,290</u>	<u>\$ 904,308</u>

UNDERGROUND RAILROAD HISTORY PROJECT OF THE CAPITAL REGION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 106,982	\$ 142,684
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities		
Realized and Unrealized (Gains) Losses on Investments	10,233	(14,331)
(Increase) Decrease in Assets		
Accounts and Grants Receivable	(26,091)	144,122
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	(1,032)	1,578
Deferred Revenue	<u>-</u>	<u>(180,000)</u>
Net Cash Provided By Operating Activities	<u>90,092</u>	<u>94,053</u>
Cash Flows from Investing Activities		
Payments on Notes Receivable	11,000	12,000
Proceeds from Sales of Investments	-	18,698
Purchases of Investments	(1,198)	(18,791)
Improvements to Historic Properties	<u>(221,502)</u>	<u>-</u>
Net Cash Provided By (Used In) Investing Activities	<u>(211,700)</u>	<u>11,907</u>
Cash Flows from Financing Activities		
Proceeds from Notes Payable	150,000	-
Payments on Notes Payable	<u>-</u>	<u>(68,097)</u>
Net Cash Provided By (Used In) Financing Activities	<u>150,000</u>	<u>(68,097)</u>
Increase in Cash	28,392	37,863
Cash, Beginning of Year	<u>133,313</u>	<u>95,450</u>
Cash, End of Year	<u>\$ 161,705</u>	<u>\$ 133,313</u>

1. ORGANIZATION

Underground Railroad History Project of the Capital Region, Inc. (the “Underground Railroad”) is a not-for-profit corporation formed in 2003 and is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. The corporation was formed to promote and encourage original historical research on the history of the Underground Railroad, especially in Albany and the Capital Region of New York; to gather, preserve, display and make available for study the appropriate artifact, relics, books, manuscripts, papers, photographs and other records and materials; to encourage the suitable marking of appropriate places of historic interest; and to acquire by purchase, gift, or otherwise the title to or the custody and control of appropriate historic sites and structures, and preserve and maintain such sites and structures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

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

Revenue from contracts with customers is recognized in accordance with a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligation(s) in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when earned or as performance obligation(s) are satisfied

Contributions and grants, including unconditional promises to give, are recorded as net assets with or without donor restrictions depending on the existence or nature of any donor restrictions when pledged.

Allowance for Doubtful Accounts

The Underground Railroad established an allowance for doubtful accounts based on management’s evaluation of collectibility. The allowance for doubtful accounts was \$0 at December 31, 2022 and 2021.

Historic Properties

Historic properties are stated at cost. No allowance for depreciation has been provided for historic properties as the Underground Railroad does not consider them to be depreciable or exhaustible.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets without donor restrictions include revenues generated from providing services, investing in income-producing assets and general public support. Additionally, general public support, which has been designated by the Board of Directors, if any, for a particular use would also be classified as unrestricted since the restriction is subject to change at the Board's discretion.

Net assets with donor restrictions, if any, are comprised of assets, the use of which has been restricted by the donor for a particular purpose or of endowments established by various donors which are invested in perpetuity to provide a permanent source of revenue. The Underground Railroad had no net assets with donor restrictions at December 31, 2022 and 2021.

Management 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 disclosures. Actual results could differ from those estimates.

Fair Value

The Accounting Standards Codification requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that ACES would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Cash, Investments, accounts and grants receivable, notes payable, accounts payable and accrued expenses and deferred revenue - The carrying amounts approximate fair value because of the short maturity of these instruments.

Historic properties - No attempt has been made to determine the fair value of historic properties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for Uncertainty in Income Taxes

The Accounting Standards Codification requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. The Underground has not recognized any benefits or liabilities from uncertain tax positions in 2022 and believes it has no uncertain tax positions for which it is reasonably possible that will significantly increase or decrease net assets. Generally, federal and state authorities may examine the Underground Railroad's income tax returns for three years from the date of filing, consequently; income tax returns for years prior to 2019 are no longer subject to examination by tax authorities.

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through May __, 2023, the date the financial statements were available to be issued. No such events or transactions were identified.

3. INVESTMENTS

Investments consist of the following:

	2022		2021	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash	\$ 3,838	\$ 3,838	\$ 3,983	\$ 3,983
Equity ETPs	28,143	26,414	31,148	23,927
Fixed Income ETPs	25,904	28,997	27,496	26,503
Other ETPs	6,956	7,065	6,668	6,736
Common Stock	-	-	4,581	1,584
	<u>\$ 64,841</u>	<u>\$ 66,314</u>	<u>\$ 73,876</u>	<u>\$ 62,733</u>

4. NOTE RECEIVABLE

Note receivable consists of a mortgage note originally \$71,387 for the sale of property. The note bears interest at 1.5%, is payable in monthly installments of \$1,000 and balloons on March 27, 2023.

UNDERGROUND RAILROAD HISTORY PROJECT OF THE CAPITAL REGION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

5. NOTES PAYABLE

Notes payable consist of the following:

Non-Interest Bearing Note to Executive Director	\$ 75,000
6.5% Note to Bank, collateralled by all corporate assets	<u>75,000</u>
	<u>\$ 150,000</u>

6. LIQUIDITY

The Underground Railroad's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Underground Railroad has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, liabilities and other obligations of:

Cash	\$ 161,705
Investments	64,841
Receivables	<u>68,839</u>
Financial Assets Available to Meet Cash Needs within One Year	<u>\$ 295,385</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

7. CONTINGENCIES

The Underground Railroad participates in grant programs which are subject to financial and compliance audits by the grantors or their representatives. Accordingly, the Underground Railroad's compliance with the applicable grant requirements may be established at some future date. The amount, if any, of expenditures or funding which may be disallowed by the granting agencies cannot be determined at this time although management expects such amounts, if any, will be immaterial.