

THE APPALACHIAN TRAIL CONSERVANCY

Harpers Ferry, West Virginia

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Appalachian Trail Conservancy
Harpers Ferry, West Virginia

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of The Appalachian Trail Conservancy (the "Conservancy"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and cash flows for the years 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 Conservancy as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Conservancy 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 the Conservancy's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 and *Government 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 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 and *Government 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 the Conservancy'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 Conservancy's ability to continue as a going concern for a reasonable period of time.

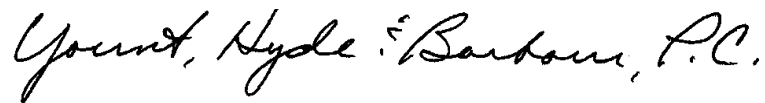
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2025, on our consideration of the Conservancy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Conservancy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conservancy's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Gount, Hyde & Barbour, P.C." The signature is written in a cursive, flowing style.

Winchester, Virginia
April 22, 2025

THE APPALACHIAN TRAIL CONSERVANCY

Statements of Financial Position

December 31, 2024 and 2023

Assets	2024	2023
Current Assets		
Cash and cash equivalents	\$ 12,288,376	\$ 5,372,402
Accounts receivable, net	11,144,572	9,617,906
Pledges receivable, net	540,122	281,667
Inventory	238,103	234,225
Prepaid expenses	173,431	183,621
Total current assets	<u>24,384,604</u>	<u>15,689,821</u>
Non-Current Assets		
Long-term investments	15,942,424	11,402,036
Pledges receivable, net	1,147,888	677,667
Property and equipment, net	593,881	701,155
Right-of-use assets - operating	148,366	170,584
Right-of-use assets - finance	27,690	41,072
Other assets, deposits	9,074	9,074
Land held in conservancy, net	4,072,296	4,072,296
Total non-current assets	<u>21,941,619</u>	<u>17,073,884</u>
Total assets	<u>\$ 46,326,223</u>	<u>\$ 32,763,705</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 946,729	\$ 521,583
Deferred revenue	17,406,655	9,244,507
Current maturities of lease liabilities - operating	52,236	46,341
Current maturities of lease liabilities - finance	11,871	11,427
Current maturities of annuities payable	36,460	27,224
Total current liabilities	<u>18,453,951</u>	<u>9,851,082</u>
Non-Current Liabilities		
Lease liabilities, less current maturities - operating	105,231	127,138
Lease liabilities, less current maturities - finance	22,435	34,306
Annuities payable, less current maturities	276,186	208,781
Total non-current liabilities	<u>403,852</u>	<u>370,225</u>
Net Assets		
Net assets without donor restrictions	9,572,741	8,817,039
Net assets with donor restrictions	17,895,679	13,725,359
Total net assets	<u>27,468,420</u>	<u>22,542,398</u>
Total liabilities and net assets	<u>\$ 46,326,223</u>	<u>\$ 32,763,705</u>

See Notes to Financial Statements.

THE APPALACHIAN TRAIL CONSERVANCY

Statement of Activities

For the Year Ended December 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue, Gains, (Losses) and Other Support:			
Contributions	\$ 5,878,871	\$ 5,520,205	\$ 11,399,076
Contributed nonfinancial assets	165,246	--	165,246
Membership	945,925	119,576	1,065,501
Contractual services	4,345,827	452,864	4,798,691
Sales, less cost of good sold of \$154,626	216,071	--	216,071
Other income	44,032	--	44,032
Annuity actuarial adjustment	(107,280)	--	(107,280)
Investment return, net	617,679	935,767	1,553,446
Total revenues	12,106,371	7,028,412	19,134,783
Net assets released from restrictions	2,858,092	(2,858,092)	--
Total revenues, gains, (losses) and other support	14,964,463	4,170,320	19,134,783
Expenses:			
Program Services:			
Trail Management, Conservation and Land Trust	8,187,029	--	8,187,029
Visitor, Member and Volunteer Supporting Services	1,830,257	--	1,830,257
Total program services	10,017,286	--	10,017,286
Supporting Services:			
Management and general	1,908,125	--	1,908,125
Fundraising	2,283,350	--	2,283,350
Total supporting services	4,191,475	--	4,191,475
Total expenses	14,208,761	--	14,208,761
Change in net assets	755,702	4,170,320	4,926,022
Net assets, beginning of year	8,817,039	13,725,359	22,542,398
Net assets, end of year	\$ 9,572,741	\$ 17,895,679	\$ 27,468,420

See Notes to Financial Statements.

THE APPALACHIAN TRAIL CONSERVANCY

Statement of Activities

For the Year Ended December 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue, Gains and Other Support:			
Contributions	\$ 4,426,987	\$ 2,336,293	\$ 6,763,280
Contributed nonfinancial assets	174,202	1,110,000	1,284,202
Membership	1,045,676	--	1,045,676
Contractual services	4,360,732	--	4,360,732
Sales, less cost of good sold of \$162,786	197,835	--	197,835
Other income	54,971	--	54,971
Annuity actuarial adjustment	945	--	945
Investment return, net	1,071,936	409,771	1,481,707
Total revenues	11,333,284	3,856,064	15,189,348
Net assets released from restrictions	1,444,640	(1,444,640)	--
Total revenues, gains and other support	12,777,924	2,411,424	15,189,348
Expenses:			
Program Services:			
Conservation and Land Trust	6,488,371	--	6,488,371
Publications	615,562	--	615,562
Communications	898,836	--	898,836
Total program services	8,002,769	--	8,002,769
Supporting Services:		--	
Management and general	1,863,140	--	1,863,140
Fundraising	1,737,320	--	1,737,320
Total supporting services	3,600,460	--	3,600,460
Total expenses	11,603,229	--	11,603,229
Change in net assets	1,174,695	2,411,424	3,586,119
Net assets, beginning of year, as previously stated	9,368,919	9,587,360	18,956,279
Prior period adjustment (Note 20)	(1,726,575)	1,726,575	--
Net assets, beginning of year, restated	7,642,344	11,313,935	18,956,279
Net assets, end of year	\$ 8,817,039	\$ 13,725,359	\$ 22,542,398

See Notes to Financial Statements.

THE APPALACHIAN TRAIL CONSERVANCY

Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 4,926,022	\$ 3,586,119
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments:		
Depreciation and amortization (including amortization of finance leases)	140,255	154,561
Amortization of right-of-use asset - operating	61,319	60,794
Net realized and unrealized loss on investments	(1,050,939)	(1,340,147)
Transfer of construction in progress to expense	--	41,886
Changes in operating assets and liabilities:		
(Increase) in accounts receivable, net	(1,526,666)	(908,502)
(Increase) in pledges receivable, net	(728,676)	(959,334)
(Increase) decrease in inventory	(3,878)	21,507
Decrease (increase) in prepaid expenses	10,190	(819)
Increase (decrease) in accounts payable and accrued expenses	425,146	(387,622)
Increase (decrease) in annuities payable	76,641	(28,169)
Increase in deferred revenue	8,162,148	1,245,045
(Decrease) in lease liability - operating	(54,775)	(56,039)
Net cash provided by operating activities	<u>10,436,787</u>	<u>1,429,280</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(19,936)	--
Net (purchases) proceeds from long-term investments	(3,489,449)	406,585
Transfer of land held in conservancy	--	(1,110,000)
Net cash (used in) investing activities	<u>(3,509,385)</u>	<u>(703,415)</u>
Cash Flows from Financing Activities,		
principal payments on lease liabilities	<u>(11,428)</u>	<u>(9,599)</u>
Change in cash and cash equivalents	6,915,974	716,266
Cash and Cash Equivalents		
Beginning	<u>5,372,402</u>	<u>4,656,136</u>
Ending	<u>\$ 12,288,376</u>	<u>\$ 5,372,402</u>
Supplemental Schedule of Noncash Investing and Financing Activities		
Contributed nonfinancial assets	<u>\$ 165,246</u>	<u>\$ 1,284,202</u>
Lease liabilities arising from obtaining right-of-use assets	<u>\$ 44,465</u>	<u>\$ 31,184</u>

See Notes to Financial Statements.

THE APPALACHIAN TRAIL CONSERVANCY

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The Appalachian Trail Conservancy (the Conservancy) is a nonprofit, volunteer-centered corporation organized in 1925 and incorporated in 1936 under the laws of the District of Columbia. The Conservancy was organized to promote, construct and manage the Appalachian Trail and its associated lands in the public interest for hiking and other recreation on foot and for the study of nature along the ridge crests of the Appalachian Mountains through 14 states from northern Georgia to central Maine. Beginning in the 1920s, Conservancy volunteers conceived, blazed and maintained the Appalachian Trail, which is approximately 2,200 miles long.

The Conservancy works closely with 30 autonomous local trail clubs along the Appalachian Trail in a coordinated effort to carry out the Conservancy's missions. Under a series of agreements, dating back to the 1930s, with the U.S. Department of the Interior, the U.S. Department of Agriculture Forest Service, and various state agencies, these clubs, in coordination with the Conservancy, help to maintain the footpath and its facilities (shelters, bridges, signs, etc.) and manage approximately 108,841 acres of National Park Service land that has been acquired specifically to protect the footpath from incompatible uses and development.

Additionally, the work of the Conservancy extends beyond resource management and into the realm of public information and education. The Conservancy has an extensive publications program that includes guidebooks, maps, newsletters, and other books about the Appalachian Trail and its resources. The Conservancy's communications extend to our visitor's center, which plays host to almost 30,000 people annually. The Conservancy's information staff addresses almost 10,000 mail and e-mail inquiries each year, and the Conservancy's website averages 138,000 visits each month.

The Conservancy is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar sections of state statutes.

A summary of the significant accounting policies is as follows:

Financial Reporting

The Conservancy's financial statements are presented on the accrual basis of accounting, in accordance with generally accepted accounting principles (U.S. GAAP).

The Conservancy reports information regarding its financial position and activities according to the "net asset" concept. Net assets are segregated among two categories: net assets without donor restrictions and net assets with donor restrictions.

Notes to Financial Statements

Net assets without donor restrictions consists of net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Conservancy. These net assets may be used at the discretion of the Conservancy's management and Board of Directors.

Net assets with donor restrictions consist of net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Conservancy or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Fund Accounting

In order to ensure the observance of limitations and restrictions placed on the use of resources available to the Conservancy, its accounts are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund. Fund balances are classified on the statement of financial position as net assets without donor restrictions and net assets with donor restrictions based on the absence or existence of donor-imposed restrictions.

Net Assets without Donor Restrictions

The General Fund represents funds that are derived primarily from support and revenues in the form of contributions, governmental contracts, membership dues, and sales merchandise and publications. Resources are used to help meet the costs of providing the Conservancy's programs and supporting services, and plant and equipment, both purchased and donated.

Net Assets with Donor Restrictions

Donor restricted funds are used to record the Conservancy's activities that are supported by resources whose use is limited by external parties to specific purposes. The principal sources of restricted funds are contributions from donors; contracts and grants; and other sources where resource providers have stipulated the specific purposes for which the resources are to be used.

The Monitoring Fund represents both donor restricted and unrestricted contributions received for use in the protection of lands on the Appalachian Trail or the AT Corridor. Investment returns on the invested assets of the Monitoring Fund are transferred in accordance with the Conservancy's investment and spending policy which establishes a spending limit of up to 4.5 percent of the portfolio's market value as measured on the last day of the past twelve (12) quarters.

The Annuity Fund represents resources provided by donors under various kinds of agreements in which the Conservancy has a beneficial interest in the resources but may not be the sole beneficiary.

Notes to Financial Statements

The Land Acquisition Fund consists of investment funds restricted for the purposes of facilitating the acquisition of land and interests in land along the Appalachian Trail, along with the land parcels themselves. Proceeds from the sale of such land to various Federal and state agencies, as well as individual conservation buyers, are deposited in this fund for future acquisitions. The principal of the Land Acquisition Fund is donor restricted; investment returns held by the Land Acquisition Fund are purpose restricted transferred to the General Fund in accordance with the Conservancy's investment and spending policy.

The David N. Startzell Stewardship Fund, formerly reported as the Stewardship Fund, consists of endowment funds intended to offset the costs associated with trail construction, maintenance, and land management activities. Part of the principal of the David N. Startzell Stewardship Fund, including the Life Membership Fund, is donor restricted. Investment returns held by the David N. Startzell Stewardship Fund are purpose restricted and transferred to the General Fund in accordance with the Conservancy's investment and spending policy.

Endowment funds include both board designated endowment funds and donor-restricted endowment funds. The Conservancy's endowment funds contain a combination of the two described above. Investment returns on the invested assets of the Endowment Funds are transferred in accordance with the Conservancy's investment and spending policy which establishes a spending limit of up to 4.5 percent of the portfolio's market value as measured on the last day of the past twelve (12) quarters.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Conservancy considers all highly liquid investments with a maturity of three months or less to be cash and cash equivalents.

Inventories

Inventories consist of materials held for sale by the Conservancy and are stated at the lower of cost (first-in, first-out method) or market.

Investments

The Conservancy records investments at fair market value in the statements of financial position. The investment returns are reflected in the statements of activities, net of any fees. Investments that are received as gifts are recorded at their market value at the date of the gift, which then becomes the cost basis.

Land Held in Conservancy

Lands held in conservancy are recorded at cost or, if donated, at the estimated fair market value of the land on the date of the donation. Because the Conservancy intends to hold the lands held in conservancy indefinitely, write-downs for permanent impairments in the value of the lands are not recorded.

The Conservancy, at times, sells assets at less than fair market value to individual landowners in exchange for conservation restrictions placed upon the landowner's lands. The Conservancy records such transactions as expenditures in the period incurred.

Notes to Financial Statements

Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost. The fair value of donated assets at the date of the gift is similarly capitalized. Depreciation and amortization are computed by the straight-line method over the estimated useful lives of the assets ranging from three to thirty years. Depreciation expense was \$126,873 and \$142,724 for the years ended December 31, 2024 and 2023, respectively.

Resources restricted by donors for plant replacement and expansion are added to net assets without donor restrictions to the extent expended within the period.

Revenue Recognition and Deferred Revenue

Revenue Recognition Methodology for Exchange Transactions

For exchange transactions, the Conservancy recognizes revenue in accordance with Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers, as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

For any amounts received in advance and for which performance obligations have not been satisfied, a contract liability (deferred revenue) is recorded.

Revenue Recognition Methodology for Contributions

Contributions are recognized as revenue when they are received or unconditionally promised.

Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Gifts of land, buildings and equipment are presented as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. With the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Conservancy reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Conservancy's activities).

Notes to Financial Statements

Revenue Streams

The Conservancy has various sources of revenue including contributions, membership dues, contractual services revenue, sales income and other income.

Contributions and unconditional promises to give are recognized when received.

Membership dues are recognized as revenue on a pro-rata basis over the period to which the dues relate, for only the portion of the dues for which the member receives goods or services. The remaining contribution portion of the dues is recognized as revenue in the year the dues are received.

Contractual services revenue (exchange transaction revenue) is recognized when the related costs are incurred. Deferred revenue is recorded for funds that the Conservancy has been awarded and/or has received but for which it has not incurred related expenses.

Sales income is recognized at the time of purchase. All other income is recognized when received.

Allocation Methodology for the Schedules of Functional Expenses

The costs of providing programs and other activities are summarized on a functional basis in the schedules of functional expenses. Certain costs have been allocated among program, management and general and fundraising. Such allocations have been made by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries, taxes and benefits	Direct Allocation and Time and Effort
Employee benefits	Direct Allocation
Contract services	Direct Allocation
Supplies	Direct Allocation
Postage	Direct Allocation
Printing	Direct Allocation
Personnel development	Direct Allocation
Promotional	Direct Allocation
Travel, meetings and conferences	Direct Allocation
Licenses and fees	Direct Allocation
Grants	Direct Allocation
Organization infrastructure	Direct Allocation
Depreciation and amortization	Direct Allocation
Other expenses	Direct Allocation

Notes to Financial Statements

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 that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Accounting standards establish a framework for measuring fair value. That framework 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 three levels of the fair value hierarchy under the standards are described as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The asset or liability's 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.

For the years ended December 31, 2024 and 2023, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Cash or Cash Equivalents, Stocks and Fixed Income Securities

The fair value of assets restricted for long-term purposes is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers (Level 1).

Notes to Financial Statements

The carrying amounts of the Conservancy's financial instruments not described above arise in the ordinary course of business and approximate fair value.

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

Note 2. Cash Concentrations

The Conservancy may from time to time have deposits with commercial financial institutions in excess of the federally insured limit during the year. The Conservancy has not experienced any losses on its accounts.

Note 3. Liquidity and Availability of Resources

The Conservancy has the following financial assets available for general expenditure within one year of the statement of financial position date to meet cash needs for general expenditure. The Conservancy has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which averaged approximately \$2,100,000 for both the years ended December 31, 2024 and 2023, respectively. The Conservancy has a policy to structure its financial assets to be available as its general expenditure, liabilities, and other obligations come due. The Conservancy has a board-designated endowment. Although the Conservancy does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

	<u>2024</u>	<u>2023</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 12,288,376	\$ 5,372,402
Accounts receivable, net	11,144,572	9,617,906
Long-term investments	<u>15,942,424</u>	<u>11,402,036</u>
Total financial assets	<u>39,375,372</u>	<u>26,392,344</u>
Less those unavailable for general expenditure within one year, due to:		
Board designations	7,667,142	4,720,889
Donor-restricted	17,895,679	13,725,359
Land preservation funds	6,658,294	5,653
(Less) amounts available for spending within one year, in accordance with spending policy	<u>(522,000)</u>	<u>(493,439)</u>
Financial assets not available to be used within one year	<u>31,699,115</u>	<u>17,958,462</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,676,257</u>	<u>\$ 8,433,882</u>

Notes to Financial Statements

Note 4. Investments

The Conservancy carries investments at fair market value based on quoted prices in active markets. Investments consisted of the following as of December 31, 2024 and 2023:

	2024		
	Cost	Fair Market Value	Unrealized Gain (Loss)
Total Investments			
Cash or cash equivalents	\$ 747,237	\$ 747,237	\$ - -
Stocks	7,898,253	10,761,728	2,863,475
Fixed income securities	4,667,796	4,433,459	(234,337)
Total	<u>\$ 13,313,286</u>	<u>\$ 15,942,424</u>	<u>\$ 2,629,138</u>

	2023		
	Cost	Fair Market Value	Unrealized Gain (Loss)
Total Investments			
Cash or cash equivalents	\$ 547,423	\$ 547,423	\$ - -
Stocks	4,925,715	7,578,008	2,652,293
Fixed income securities	3,448,316	3,276,605	(171,711)
Total	<u>\$ 8,921,454</u>	<u>\$ 11,402,036</u>	<u>\$ 2,480,582</u>

The Conservancy uses a spending-rate formula to determine how much of its investment return, net of fees is available to support current operations from restricted funds. Investment return, net of fees was released to support general operations in accordance with Conservancy's spending policy as follows:

	2024	2023
Land Acquisition Fund	\$ 22,788	\$ 26,724
Monitoring Fund	11,352	10,368
Life Membership Fund	87,267	92,424
	<u>\$ 121,407</u>	<u>\$ 129,516</u>

Investment return, net consisted of the following for the years ended December 31, 2024 and 2023:

	2024	2023
Interest and dividends	\$ 579,491	\$ 286,650
Realized and unrealized gain, net	1,050,939	1,340,147
Investment fees	(76,984)	(145,090)
	<u>\$ 1,553,446</u>	<u>\$ 1,481,707</u>

Notes to Financial Statements

Note 5. Receivables

Accounts receivable at December 31, 2024 and 2023, consisted primarily of amounts due from the National Park Service. Net accounts receivable consisted of the following:

	<u>2024</u>	<u>2023</u>
Federal	\$ 10,973,357	\$ 9,314,417
State	107,700	133,300
Trade	18,682	5,947
Other	46,498	165,896
Allowance for doubtful accounts	<u>(1,665)</u>	<u>(1,654)</u>
	<u>\$ 11,144,572</u>	<u>\$ 9,617,906</u>

Pledges receivable, which include unconditional promises to give to the Conservancy, are recognized as revenues in the period the promise is made by the donor. Pledges of assets other than cash are recorded at their estimated fair value. Net pledges receivable consisted of the following:

	<u>2024</u>	<u>2023</u>
Pledges receivable	\$ 2,058,771	\$ 1,388,334
Discount on pledges	(321,282)	(368,417)
Allowance for uncollectible pledges	<u>(49,479)</u>	<u>(60,583)</u>
	<u>\$ 1,688,010</u>	<u>\$ 959,334</u>

Future collections are expected to be as follows:

2025	\$ 540,122
2026	196,100
2027	289,600
2028	246,962
2029	161,250
Thereafter	<u>624,737</u>
	2,058,771
Discount	(321,282)
Allowance	<u>(49,479)</u>
	<u>\$ 1,688,010</u>

Total bad debt (recovery) expense for the years ended December 31, 2024 and 2023 was (\$11,235) and \$65,148, respectively.

Notes to Financial Statements

Note 6. Property and Equipment

Property and equipment consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land and land improvements	\$ 81,661	\$ 81,661
Building and building improvements	1,061,070	1,061,070
Furniture and equipment	650,668	630,732
Computer software	<u>1,434,131</u>	<u>1,434,131</u>
	3,227,530	3,207,594
Less accumulated depreciation and amortization	<u>(2,633,649)</u>	<u>(2,506,439)</u>
	<u>\$ 593,881</u>	<u>\$ 701,155</u>

Note 7. Land Held in Conservancy

The Conservancy holds title to various parcels of real estate located along the Appalachian Trail. Such lands are classified by the Conservancy as land held in conservancy. The Conservancy is not in the development or real estate business but a guardian of the lands adjacent to the trail. The recorded value of land held in conservancy at December 31, 2024 and 2023, amounted to \$4,072,296 and represents real estate held by the Conservancy that it intends to hold indefinitely or sell to a Federal or State agency that governs the portion of the Appalachian Trail in which the real estate lies, or to conservation-minded individuals interested in acquiring land with significant restrictions designed to protect the trail.

Note 8. Revenue Concentration

The Conservancy receives a significant amount of its support and revenue from cooperative agreements and cost-share agreements with the National Park Service. These amounts are included in contractual services revenue on the statement of activities. Support received from this agency was \$3,506,160 and \$3,092,009 during the years ending December 31, 2024 and 2023, respectively. A significant reduction in the level of this support, if this were to occur, may have a significant impact on the Conservancy's programs and activities. The continuation of these agreements beyond the expiration dates of current agreements is subject to future funding decisions by the National Park Service.

The Conservancy also receives a significant amount of its support and revenue from major contributors. For the year ended December 31, 2024, the Conservancy received 13% of its contributions support from two contributors. For the year ended December 31, 2023, the Conservancy received 32% of its contributions support from two contributors.

Notes to Financial Statements

Note 9. Pension Plan

The Conservancy has an IRC 403(b) Employer Contributory Tax Deferral Annuity Plan (a defined contribution plan). Employees can contribute to the plan effectively immediately upon date of hire. To be eligible for employer contributions, the employee must have worked a minimum of 1,000 hours within a twelve-month consecutive period, be an employee of the Conservancy for a twelve-month consecutive period and be an enrolled, contributing participant in the pension plan.

The pension plan covers all of the Conservancy's employees who meet the requirements stated above. Members' rights to contributions vest immediately. Contributions to the pension plan by the Conservancy are based on the eligible employees' compensation and range up to 7% based on each participating employee's salary deferral percentage. Total contributions to the pension plan by the Conservancy were \$252,852 and \$257,001 for the years ended December 31, 2024, and 2023, respectively.

Note 10. Operating and Finance Lease Commitments

Operating Leases and Future Commitments

As of the December 31, 2024, the Conservancy was the lessee of 7 operating lease agreements for office and storage space. The weighted average discount rate associated with operating leases was 3.74% and 3.73% as of December 31, 2024 and 2023, respectively. All of the Conservancy's leases include fixed rental payments; none of the Conservancy's leases include variable rental payments. The Conservancy's leased assets have lease terms ranging from 24 to 72 months. As of December 31, 2024 and 2023, the weighted average remaining lease term for all operating leases was approximately 3.2 years and 4.2 years, respectively, including renewal periods.

The following table presents the maturity of the Conservancy's operating lease liabilities on an undiscounted cash flow basis and a reconciliation to the operating lease liabilities recognized in the Conservancy's statement of financial position as of December 31, 2024:

2025	\$ 57,129
2026	49,628
2027	32,932
2028	<u>28,172</u>
	167,861
Imputed interest	<u>(10,394)</u>
Present value of operating lease payments	<u>\$ 157,467</u>

Rent expense was \$69,955 and \$66,493 for the years ended December 31, 2024 and 2023, respectively.

Notes to Financial Statements

Finance Leases and Future Commitments

As of the December 31, 2024, the Conservancy was the lessee of 4 finance lease agreements for office equipment. The weighted average discount rate associated with finance leases was 3.74% and 3.76% as of December 31, 2024 and 2023, respectively. All of the Conservancy's leases include fixed rental payments; none of the Conservancy's leases include variable rental payments. The Conservancy's leased assets has lease terms ranging from 41 to 63 months. As of December 31, 2024, the weighted average remaining lease term for all finance leases was approximately 4 years, including renewal periods.

The following table presents the maturity of the Conservancy's finance lease liabilities on an undiscounted cash flow basis and a reconciliation to the finance lease liabilities recognized in the Conservancy's statement of financial position as of December 31, 2024:

2025	\$	12,948
2026		12,017
2027		7,227
2028		<u>4,145</u>
		36,337
Imputed interest		<u>(2,031)</u>
Present value of finance lease payments	\$	<u>34,306</u>

Interest expense was \$1,250 and \$1,328 for the year ended December 31, 2024 and 2023, respectively. Amortization expense was \$13,382 and \$11,837 for the year ended December 31, 2024 and 2023, respectively.

Note 11. Related-Party Transactions

Among the Conservancy's Board members and officers are volunteers from the financial, legal and environmental community who provide valuable assistance to the Conservancy in the development of policies and programs and in the evaluation of awards and grants. Under the Conservancy's conflict of interest disclosure policy, the CEO reviews all transactions with related parties. Based on their review, significant transactions are submitted to the Board of Directors for approval. For the years ended December 31, 2024 and 2023, substantially all awards and grants, which amounted to \$84,504 and \$131,353, respectively, were disbursed to groups with which one or more Board members were associated as volunteers. These groups maintain the Appalachian Trail in their local areas.

In addition, for the year ended December 31, 2023 one board member provided consulting services in the amount of \$27,500.

Notes to Financial Statements

Note 12. Annuities Payable

The Conservancy administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Conservancy's use. The portion of the trust attributable to the present value of the future benefits to be received by the Conservancy is recorded in the Statement of Activities as net assets with donor restrictions in the period the trust is established. When necessary, the Conservancy revalues the liability to the designated beneficiaries.

Assets held in charitable remainder trusts and in fulfillment of charitable gift annuity contracts totaled \$785,587 and \$679,509 at December 31, 2024 and 2023, respectively, and are reported at fair market value in the Conservancy's Statement of Financial Position. The present value of the estimated future payments for remainder trusts is calculated using discount rates determined at the inception of the trust and applicable mortality tables.

A charitable gift annuity is an arrangement between a donor and the Conservancy in which the donor contributes assets to the organization in exchange for a promise by the organization to pay a fixed amount for a specified period of time to the donor or to individuals or organizations designated by the donor. The assets received are held as general assets of the Conservancy, and the annuity liability is a general obligation of the Conservancy; however, they are maintained in the Annuity Fund.

Adjustments to the annuity liability were made to reflect amortization of the discount and changes in life expectancies. For the years ended December 31, 2024 and 2023, the annuity actuarial adjustment amounted to (\$107,280) and \$945, respectively. Total liability under split-interest agreements totaled \$312,646 and \$236,005 as of December 31, 2024 and 2023, respectively.

Note 13. Board Designated Net Assets

Net assets without donor restrictions are often designated by the Board of Directors for particular purposes and programs. Board designations in effect as of December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
David N. Startzell Stewardship Fund – amounts designated in accordance with contributions policy	\$ 7,308,194	\$ 4,720,889
Monitoring Fund, monitoring of AT Conservation Lands designated in accordance with contributions policy	<u>358,948</u>	<u>344,500</u>
Total Board Designated Net Assets	<u>\$ 7,667,142</u>	<u>\$ 5,065,389</u>

Notes to Financial Statements

Note 14. Deferred Revenue

Deferred revenue consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Deferred memberships	\$ 39,534	\$ 39,128
Deferred - National Park Service (NPS)	10,492,083	8,924,946
Deferred - other	<u>6,875,038</u>	<u>280,433</u>
	<u>\$ 17,406,655</u>	<u>\$ 9,244,507</u>

The beginning balance for deferred revenue as of January 1, 2023 was \$7,999,462.

Note 15. Net Assets Released from Restrictions

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors were as follows for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
General Fund:		
Conservation projects	<u>\$ 1,257,378</u>	<u>\$ 934,214</u>
Land Protection Funds	<u>1,359,175</u>	<u>- -</u>
Annuity Fund	<u>107,280</u>	<u>2,122</u>
David N Startzell Fund		
Endowment expenditures	<u>24,204</u>	<u>75,389</u>
Land Acquisition Fund:		
Acquisition expenditures	<u>- -</u>	<u>141,429</u>
Monitoring Fund:		
Monitoring expenses	<u>- -</u>	<u>48,246</u>
Investment return, net of fees released	<u>110,055</u>	<u>243,240</u>
Total net assets released from restrictions	<u>\$ 2,858,092</u>	<u>\$ 1,444,640</u>

If a restriction is fulfilled in the same period in which the contribution is received, the Conservancy reports the support as net assets without donor restrictions. The Conservancy received \$66,625 and \$36,916 in contributions during 2024 and 2023, respectively, where the restrictions were fulfilled by year-end.

Notes to Financial Statements

Note 16. Net Assets

Net assets included the following as of December 31, 2024 and 2023:

	2024			
	Without Donor Restrictions	Board Designated	With Donor Restrictions	Total
General Fund, conservation projects	\$ 1,905,599	\$ --	\$ 3,679,881	\$ 5,585,480
Land Acquisition Fund				
Acquisition and holding of land/interests along the Appalachian Trail	--	--	5,757,759	5,757,759
Amounts in perpetuity	--	--	556,301	556,301
Total Land Acquisition Fund	--	--	6,314,060	6,314,060
Monitoring Fund, monitoring of AT Conservation Lands	--	358,948	168,657	527,605
Annuity Fund, annuity trust agreements	--	--	597,708	597,708
Land Protection Funds	--	--	985,151	985,151
David N. Startzell Stewardship Fund				
Board Designated Stewardship Fund	--	7,308,194	--	7,308,194
Life Membership Fund				
Amounts in perpetuity	--	--	1,818,866	1,818,866
Income to support ATC general and program expenditures	--	--	885,988	885,988
Purpose restrictions	--	--	767,091	767,091
Investments in perpetuity, the income from which may be expended for trail construction and maintenance and trail-land management activities	--	--	223,497	223,497
Sperling Memorial Shelter - Improvement Fund	--	--	7,586	7,586
Michael Bequaert - Andrew Kingery Shelter Memorial Fund	--	--	92,802	92,802
Smart Family Foundation	--	--	15,209	15,209
The George Ebenstein and Ernest Wallach Fund	--	--	17,785	17,785
The Ilus and Dr. Bernard Grünstein Fund	--	--	17,785	17,785
The William T. Foot Memorial Endowment Bridge Fund	--	--	21,355	21,355
The Ingram Fund	--	--	15,082	15,082
The Janelle C. Maurer Fund	--	--	29,324	29,324
The Michael L. Howell Memorial Fund	--	--	677,406	677,406
Robin Wood Endowment Fund	--	--	810,446	810,446
Winchester Fund for Excellence in Sustainable Overnight Sites	--	--	500,000	500,000
Hutchinson Fund for the ATC Ridgerunner Program	--	--	250,000	250,000
Total David N. Startzell Stewardship Fund	--	7,308,194	6,150,222	13,458,416
Total net assets	\$ 1,905,599	\$ 7,667,142	\$ 17,895,679	\$ 27,468,420

Notes to Financial Statements

	2023			
	Without Donor Restrictions	Board Designated	With Donor Restrictions	Total
General Fund, conservation projects	\$ 3,751,650	\$ --	\$ 2,243,086	\$ 5,994,736
Land Acquisition Fund				
Acquisition and holding of land/interests along the Appalachian Trail	--	--	5,085,160	5,085,160
Amounts in perpetuity	--	--	556,301	556,301
Total Land Acquisition Fund	--	--	5,641,461	5,641,461
Monitoring Fund, monitoring of AT Conservation Lands	--	344,500	152,510	497,010
Annuity Fund, annuity trust agreements	--	--	443,504	443,504
Land Protection Funds	--	--	47,344	47,344
David N. Startzell Stewardship Fund				
Board Designated Stewardship Fund	--	4,720,889	--	4,720,889
Life Membership Fund				
Amounts in perpetuity	--	--	1,818,866	1,818,866
Income to support ATC general and program expenditures	--	--	983,809	983,809
Purpose restrictions	--	--	767,091	767,091
Investments in perpetuity, the income from which may be expended for trail construction and maintenance and trail-land management activities	--	--	187,728	187,728
Sperling Memorial Shelter - Improvement Fund	--	--	6,372	6,372
Michael Bequaert - Andrew Kingery Shelter Memorial Fund	--	--	77,950	77,950
Smart Family Foundation	--	--	12,775	12,775
The George Ebenstein and Ernest Wallach Fund	--	--	14,939	14,939
The Ilus and Dr. Bernard Grünstein Fund	--	--	14,939	14,939
The William T. Foot Memorial Endowment Bridge Fund	--	--	17,937	17,937
The Ingram Fund	--	--	12,668	12,668
The Janelle C. Maurer Fund	--	--	24,631	24,631
The Michael L. Howell Memorial Fund	--	--	568,993	568,993
Robin Wood Endowment Fund	--	--	688,756	688,756
Winchester Fund for Excellence in Sustainable Overnight Sites	--	--	--	--
Hutchinson Fund for the ATC Ridgerunner Program	--	--	--	--
Total David N. Startzell Stewardship Fund	--	4,720,889	5,197,454	9,918,343
Total net assets	\$ 3,751,650	\$ 5,065,389	\$ 13,725,359	\$ 22,542,398

Notes to Financial Statements

Note 17. Fair Value Measurements

The following table presents the balance of financial assets measured at fair value on a recurring basis as of December 31, 2024 and 2023:

	2024			
	Level 1	Level 2	Level 3	Total
Cash or cash equivalents	\$ 747,237	\$ --	\$ --	\$ 747,237
Stocks	10,761,728	--	--	10,761,728
Fixed income securities	4,433,459	--	--	4,433,459
	<u>\$ 15,942,424</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 15,942,424</u>

	2023			
	Level 1	Level 2	Level 3	Total
Cash or cash equivalents	\$ 547,423	\$ --	\$ --	\$ 547,423
Stocks	7,578,008	--	--	7,578,008
Fixed income securities	3,276,605	--	--	3,276,605
	<u>\$ 11,402,036</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 11,402,036</u>

Note 18. Endowment Funds

The Conservancy's endowment consists of the David N Startzell Stewardship Fund and the Land Acquisition Fund, both of which contain donor-restricted and Board restricted assets. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Conservancy has adopted an investment policy to provide current income to support programs of the Conservancy and to achieve such growth of principal and income over time that purchasing power will be preserved or increased. The Conservancy will invest in index mutual funds or exchange-traded funds using historical data to achieve target returns (inflation adjusted) while minimizing risk as measured by expected volatility. The investment committee will review the portfolio periodically and make modifications as it deems appropriate to reflect market history and changing long-term market conditions.

Underwater Endowment Funds

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Conservancy to retain as a fund of perpetual duration. There were no deficiencies as of December 31, 2024 and 2023 in the Conservancy's funds.

Spending Policy

The Conservancy has adopted a spending policy for distribution each year which allows distribution of up to 4.5 percent of the portfolio's market value as measured on the last day of the past twelve (12) quarters. If the Conservancy's endowment were to fall below the level that the donor or UPMIFA requires the Conservancy to retain, the Conservancy would elect not to continue spending from their funds.

Notes to Financial Statements

Changes in endowment net assets for the years ending December 31, 2024 and 2023, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2022, as previously stated	\$ 5,313,048	\$ 4,209,899	\$ 9,522,947
Prior period adjustment (Note 20)	<u>232,595</u>	<u>- -</u>	<u>232,595</u>
Endowment net assets, December 31, 2022, as restated	5,545,643	4,209,899	9,755,542
Investment return, net	958,643	216,631	1,175,274
Transfer to Monitoring Fund	(344,500)	- -	(344,500)
Contributions	1,983,498	702,556	2,686,054
Appropriation of endowment assets for expenditure	<u>(3,422,395)</u>	<u>(142,422)</u>	<u>(3,564,817)</u>
Endowment net assets, December 31, 2023, as restated	4,720,889	4,986,664	9,707,553
Investment return, net	483,419	509,227	992,646
Transfer to General Fund	(121,500)	(200,000)	(321,500)
Contributions	2,597,419	755,014	3,352,433
Appropriation of endowment assets for expenditure	<u>(372,033)</u>	<u>(111,473)</u>	<u>(483,506)</u>
Endowment net assets, December 31, 2024	<u>\$ 7,308,194</u>	<u>\$ 5,939,432</u>	<u>\$ 13,247,626</u>

Note 19. Subsequent Events

The Conservancy has evaluated all subsequent events through April 22, 2025, the date the financial statements were available to be issued. The Conservancy has determined there are no subsequent events that require recognition or disclosure.

Note 20. Prior Period Adjustment

The net assets as of December 31, 2023 and 2022 have been restated due to reclassifications between net assets with donor restrictions and net assets without donor restrictions. The effect on the statement of financial position is an increase in net assets with donor restrictions and decrease in net assets without donor restrictions of the following as of December 31, 2022:

- Increase in land acquisition fund donor restricted net assets of \$1,482,996
- Increase in annuity fund donor restricted net asset balance of \$196,233
- Increase in land protection funds donor restricted net asset balance of \$47,344
- Decrease in general funds without donor restricted net asset balance of \$1,959,168
- Increase in David N. Startzell Stewardship fund net assets without donor restrictions of \$232,595

There is no effect on the change in total net assets on the statement of activities.

Notes to Financial Statements

The effect on the statement of financial position is a decrease in net assets with donor restrictions and an increase in net assets without donor restrictions of the following as of December 31, 2023:

- Decrease in monitoring fund net assets with donor restrictions of \$387,000 to \$344,500 in board designated net assets.
- Decrease in annuity fund net assets with donor restrictions of \$15,967
- Increase in David N. Startzell Stewardship fund net assets of \$394,615
- Increase in net assets without donor restrictions of \$8,352

There is no effect on the change in total net assets on the statement of activities.

Note 21. Contributed Nonfinancial Assets

Donated materials, equipment and other assets are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of the gift. The Conservancy does not have a policy to monetize any contributed nonfinancial assets received; the Conservancy intends to use any in-kind contributions received for its programs and supporting services.

For the years ended December 31, 2024 and 2023, the Conservancy recognized the following contributed nonfinancial assets received;

Type of Contributed Nonfinancial Asset	Valuation Methodology	2024	2023
Land Held in Conservancy	Real Estate Assessment	\$ --	\$ 1,110,000
Inventory	Various	6,096	10,413
Legal Services	Hours X Standard Billing Rate	146,876	145,612
Travel	Purchase Price	12,274	18,177
		<u>\$ 165,246</u>	<u>\$ 1,284,202</u>

There were no donor-imposed restrictions associated with any of the contributed nonfinancial assets received. The Conservancy utilized the contributed nonfinancial assets for the following programs and supporting services during the years ended December 31, 2024 and 2023, respectively:

Type of Contributed Nonfinancial Asset	2024			
	Program Services	General and Administrative	Fundraising	Total
Legal Services	\$ --	\$ 146,876	\$ --	\$ 146,876
Travel	--	12,274	--	12,274
	<u>\$ --</u>	<u>\$ 159,150</u>	<u>\$ --</u>	<u>\$ 159,150</u>

Type of Contributed Nonfinancial Asset	2023			
	Program Services	General and Administrative	Fundraising	Total
Legal Services	\$ --	\$ 145,612	\$ --	\$ 145,612
Travel	--	18,177	--	18,177
	<u>\$ --</u>	<u>\$ 163,789</u>	<u>\$ --</u>	<u>\$ 163,789</u>

Notes to Financial Statements

The land held in conservancy and inventory received during the years ended December 31, 2024 and 2023 was reported on the Statements of Financial Position as of December 31, 2024 and 2023, respectively.

The Conservancy recognizes donated services as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those specialized skills, and would otherwise be purchased by the Conservancy.

The Conservancy receives services from volunteers for which do not meet the recognition criteria for donated services. For the years ended December 31, 2024 and 2023, 5,059 and 4,730, respectively, volunteers donated 176,504 and 170,147, respectively, hours to the Conservancy's programs and supporting services.

Note 22. Schedules of Functional Expenses

The schedules of functional expenses were as follows for the years ended December 31, 2024 and 2023:

2024	Trail Management, Conservation and Land Trust	Visitor, Member, and Volunteer Support Services	Program Services Total	Management and General	Fundraising	Total Expenses
Salaries, taxes and benefits	\$ 4,032,400	\$ 905,922	\$ 4,938,322	\$ 949,231	\$ 1,236,157	\$ 7,123,710
Contract services	1,674,121	669,709	2,343,830	546,332	416,317	3,306,479
Supplies	277,241	18,216	295,457	48,571	12,580	356,608
Postage	4,221	27,059	31,280	1,245	188,344	220,869
Printing	7,811	81,637	89,448	831	90,626	180,905
Personnel development	23,173	2,348	25,521	6,450	2,742	34,713
Promotional	4,472	4,590	9,062	--	47,629	56,691
Travel, meetings and conferences	310,790	13,998	324,788	80,305	31,424	436,517
Licenses and fees	15,396	69,141	84,537	22,130	42,099	148,766
Grants	1,585,913	20,000	1,605,913	--	--	1,605,913
Organization infrastructure	211,506	9,179	220,685	175,803	8,242	404,730
Depreciation and amortization	12,802	--	12,802	70,981	56,472	140,255
Other expenses	27,183	8,458	35,641	6,246	150,718	192,605
Total expenses	\$ 8,187,029	\$ 1,830,257	\$ 10,017,286	\$ 1,908,125	\$ 2,283,350	\$ 14,208,761

2023	Conservation and Land Trust	Publications	Communications	Program Services Total	Management and General	Fundraising	Total Expenses
Salaries, taxes and benefits	\$ 3,869,449	\$ 442,739	\$ 507,945	\$ 4,820,133	\$ 1,023,439	\$ 570,774	\$ 6,414,346
Contract services	1,471,842	55,338	303,538	1,830,718	505,687	459,234	2,795,639
Supplies	280,369	36,694	5,572	322,635	59,777	4,226	386,638
Postage	4,361	37,018	2,047	43,426	1,046	216,387	260,859
Printing	6,310	6,366	70,077	82,753	441	89,498	172,692
Personnel development	17,327	958	711	18,996	2,791	1,712	23,499
Promotional	4,306	--	2,855	7,161	--	--	7,161
Travel, meetings and conferences	253,662	2,967	3,601	260,230	13,732	21,987	295,949
Licenses and fees	21,799	21,375	--	43,174	3,813	64,666	111,653
Grants	214,194	--	--	214,194	--	--	214,194
Organization infrastructure	271,796	3,645	1,250	276,691	151,332	4,725	432,748
Depreciation and amortization	9,544	--	647	10,191	101,082	43,288	154,561
Other expenses	63,412	8,462	593	72,467	--	260,823	333,290
Total expenses	\$ 6,488,371	\$ 615,562	\$ 898,836	\$ 8,002,769	\$ 1,863,140	\$ 1,737,320	\$ 11,603,229



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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
The Appalachian Trail Conservancy
Harpers Ferry, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of The Appalachian Trail Conservancy (the “Conservancy”), which comprise the statement of financial position as of December 31, 2024, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Conservancy’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Conservancy’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Conservancy’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Conservancy’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

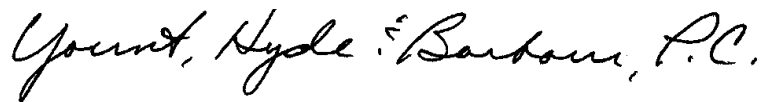
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Conservancy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Conservancy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conservancy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Goumit, Hyde & Barbours, P.C." The signature is written in a cursive, flowing style.

Winchester, Virginia
April 22, 2025



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

To the Board of Directors
The Appalachian Trail Conservancy
Harpers Ferry, West Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Appalachian Trail Conservancy's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Conservancy's major federal programs for the year ended December 31, 2024. The Conservancy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Conservancy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Conservancy and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Conservancy's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Conservancy's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Conservancy's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Conservancy's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Conservancy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Conservancy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Conservancy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Goulet, Hyde & Barbour, P.C.

Winchester, Virginia
April 22, 2025

APPALACHIAN TRAIL CONSERVANCY

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2024

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Interior				
Passed through the National Park Service (Contract Number H0500000002)				
Base	15.935	P14AC00659	\$ - -	\$ 389,158
Repair Rehab	15.935	P14AC00659	460,361	1,301,603
Cyclic	15.935	P14AC00659	47,020	1,065,832
SUP	15.935	P14AC00659	- -	12,415
PLC Rec Fee	15.931	P20AC00109	252,556	295,255
Other NPS accounts	15.944	P14AC00659	- -	33,866
Other NPS accounts	15.935	P14AC00659	- -	408,031
Total U.S. Department Interior			759,937	3,506,160
U.S. Department of Agriculture				
		20-CS-11080300-319; 21-CS-11080800-236; 21-CS-11081200-298; 21-CS11083150-268; 23-CS-11080800-087		
Passed through US Forest Service	10.U00		- -	111,052
Passed through private cooperator, National Fish and Wildlife Foundation, via subaward using USFS federal funding	10.717	5200.23.077004	- -	183,158
Total U.S. Department of Agriculture			- -	294,210
U.S. Department of Transportation				
Passed through the State of West Virginia from the U.S. Department of Transportation	20.U00	NRT-2018(241)D	- -	11,123
Total U.S. Department of Transportation			- -	11,123
Total Expenditures of Federal Awards			\$ 759,937	\$ 3,811,493

See notes to the schedule of expenditures of federal awards.

THE APPALACHIAN TRAIL CONSERVANCY

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2024

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The Appalachian Trail Conservancy under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule represents only a selected portion of the operations of the Conservancy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Conservancy.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Conservancy has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Reconciliation of Schedule of Expenditures of Federal Awards to the Financial Statements

Federal program revenue per Schedule of Expenditures of Federal Awards	\$ 3,811,493
Nonfederal program revenue	<u>987,198</u>
Total contractual services revenue	<u>\$ 4,798,691</u>

THE APPALACHIAN TRAIL CONSERVANCY

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2024

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) _____ Yes X No

Identification of major programs:

Assistance Listing Number: 15.935; U.S. Department of Interior Passed through the National Park Service under contract Number H0500000002

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

THE APPALACHIAN TRAIL CONSERVANCY

Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2024

II. FINANCIAL STATEMENT FINDINGS

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

IV. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None.