**THE APPALACHIAN TRAIL CONSERVANCY**

**Harpers Ferry, West Virginia**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2025**

C O N T E N T S

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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, 2025 and 2024, 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, 2025 and 2024, 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 23, 2026, 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.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
April 23, 2026

**THE APPALACHIAN TRAIL CONSERVANCY**

**Statements of Financial Position**
December 31, 2025 and 2024

| **Assets** | | **2025** | | **2024** |
|---|---|---|---|---|
| **Current Assets** | | | | |
| Cash and cash equivalents | $ | 14,552,234 | $ | 12,288,376 |
| Accounts receivable, net | | 11,386,996 | | 11,144,572 |
| Pledges receivable, net | | 1,617,550 | | 540,122 |
| Inventory | | 240,697 | | 238,103 |
| Prepaid expenses | | 208,499 | | 173,431 |
| Total current assets | | 28,005,976 | | 24,384,604 |
| **Non-Current Assets** | | | | |
| Long-term investments | | 17,922,142 | | 15,942,424 |
| Pledges receivable, net | | 3,837,736 | | 1,147,888 |
| Property and equipment, net | | 543,868 | | 593,881 |
| Right-of-use assets - operating | | 119,241 | | 148,366 |
| Right-of-use assets - finance | | 31,161 | | 27,690 |
| Other assets, deposits | | 7,774 | | 9,074 |
| Land held in conservancy, net | | 4,072,296 | | 4,072,296 |
| Total non-current assets | | 26,534,218 | | 21,941,619 |
| Total assets | $ | 54,540,194 | $ | 46,326,223 |
| **Liabilities and Net Assets** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable and accrued expenses | $ | 1,046,385 | $ | 946,729 |
| Deferred revenue | | 17,136,209 | | 17,406,655 |
| Current maturities of lease liabilities - operating | | 61,823 | | 52,236 |
| Current maturities of lease liabilities - finance | | 16,277 | | 11,871 |
| Current maturities of annuities payable | | 49,161 | | 36,460 |
| Total current liabilities | | 18,309,855 | | 18,453,951 |
| **Non-Current Liabilities** | | | | |
| Lease liabilities, less current maturities - operating | | 68,279 | | 105,231 |
| Lease liabilities, less current maturities - finance | | 20,917 | | 22,435 |
| Annuities payable, less current maturities | | 323,474 | | 276,186 |
| Total non-current liabilities | | 412,670 | | 403,852 |
| **Net Assets** | | | | |
| Net assets without donor restrictions | | 13,217,435 | | 9,572,741 |
| Net assets with donor restrictions | | 22,600,234 | | 17,895,679 |
| Total net assets | | 35,817,669 | | 27,468,420 |
| Total liabilities and net assets | $ | 54,540,194 | $ | 46,326,223 |

See Notes to Financial Statements.

**THE APPALACHIAN TRAIL CONSERVANCY**

**Statement of Activities**
For the Year Ended December 31, 2025

| | 2025 | | |
|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Totals** |
| **Revenue, Gains, (Losses) and Other Support:** | | | |
| Contributions | $ 8,833,708 | $ 5,714,611 | $ 14,548,319 |
| Contributed nonfinancial assets | 342,500 | - - | 342,500 |
| Membership | 963,351 | 14,371 | 977,722 |
| Contractual services | 6,051,755 | - - | 6,051,755 |
| Sales, less cost of good sold of $163,480 | 282,105 | - - | 282,105 |
| Loss on sale of property and equipment | (11,842) | | (11,842) |
| Other income | 9,652 | - - | 9,652 |
| Investment return, net | 949,334 | 1,675,604 | 2,624,938 |
| Total revenues | 17,420,563 | 7,404,586 | 24,825,149 |
| Net assets released from restrictions | 2,700,031 | (2,700,031) | - - |
| Total revenues, gains, (losses) and other support | 20,120,594 | 4,704,555 | 24,825,149 |
| **Expenses:** | | | |
| Program Services: | | | |
| Trail Management, Conservation and Land Trust | 8,828,171 | - - | 8,828,171 |
| Visitor, Member and Volunteer Supporting Services | 2,883,588 | - - | 2,883,588 |
| Total program services | 11,711,759 | - - | 11,711,759 |
| Supporting Services: | | | |
| Management and general | 2,429,044 | - - | 2,429,044 |
| Fundraising | 2,335,097 | - - | 2,335,097 |
| Total supporting services | 4,764,141 | - - | 4,764,141 |
| Total expenses | 16,475,900 | - - | 16,475,900 |
| Change in net assets | 3,644,694 | 4,704,555 | 8,349,249 |
| Net assets, beginning of year | 9,572,741 | 17,895,679 | 27,468,420 |
| Net assets, end of year | $ 13,217,435 | $ 22,600,234 | $ 35,817,669 |

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 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 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**

**Statements of Cash Flows**
For the Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Changes in net assets | $ 8,349,249 | $ 4,926,022 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization (including amortization of finance leases) | 130,151 | 140,255 |
| Amortization of right-of-use asset - operating | 75,482 | 61,319 |
| Net realized and unrealized (gain) on investments | (1,888,376) | (1,050,939) |
| Loss on sale of property and equipment | 11,842 | - - |
| Bad debt expense (recovery) | 109,616 | (11,235) |
| Changes in operating assets and liabilities: | | |
| (Increase) in accounts receivable, net | (352,040) | (1,515,431) |
| (Increase) in pledges receivable, net | (3,767,276) | (728,676) |
| (Increase) in inventory | (2,594) | (3,878) |
| (Increase) decrease in prepaid expenses | (35,068) | 10,190 |
| Decrease in other assets, deposits | 1,300 | - - |
| Increase accounts payable and accrued expenses | 99,656 | 425,146 |
| Increase in annuities payable | 59,989 | 76,641 |
| (Decrease) increase in deferred revenue | (270,446) | 8,162,148 |
| (Decrease) in lease liability - operating | (74,584) | (54,775) |
| Net cash provided by operating activities | 2,446,901 | 10,436,787 |
| **Cash Flows from Investing Activities** | | |
| Purchases of property and equipment | (79,431) | (19,936) |
| Proceeds from sale of investments | 6,421,744 | 8,010,805 |
| Purchase of investments | (6,513,086) | (11,500,254) |
| Net cash (used in) investing activities | (170,773) | (3,509,385) |
| **Cash Flows from Financing Activities,** | | |
| principal payments on lease liabilities | (12,270) | (11,428) |
| Change in cash and cash equivalents | 2,263,858 | 6,915,974 |
| **Cash and Cash Equivalents** | | |
| Beginning | 12,288,376 | 5,372,402 |
| Ending | $ 14,552,234 | $ 12,288,376 |
| **Supplemental Schedule of Noncash Investing and Financing Activities** | | |
| Contributed nonfinancial assets | $ 342,500 | $ 165,246 |
| Lease liabilities arising from obtaining right-of-use assets | $ 43,768 | $ 44,465 |

See Notes to Financial Statements.

## Note 1. Nature of Activities and Significant Accounting Policies

### Nature of Activities

Since 1925, the Appalachian Trail Conservancy (the Conservancy) has been leading the management and conservation of the Appalachian Trail (A.T. or the Trail) and its landscape sanctuary from the modern world where nature thrives and people can connect with its transformative power. Each year, the A.T. landscape draws millions of visitors (16.9 million recreation visits in 2025), serves as a critical wildlife corridor and refuge for thousands of diverse species, and plays a vital role in driving climate resilience and economic vitality in neighboring communities.

As the only non-profit devoted exclusively to the entire Trail, the Conservancy's dedicated team works passionately to bolster the health, resilience, and connectivity of the A.T. and its surrounding natural lands, manage the resources and grassroots effort needed to maintain the integrity of the treadway, and enrich visitor experiences by providing essential knowledge for safe and fulfilling Trail experiences.

The Conservancy does much of this work in collaboration with organizations and individuals with shared goals, working closely with 30 autonomous A.T. Clubs along the Appalachian Trail in a coordinated effort. 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 A.T. Clubs, in coordination with the Conservancy, help maintain the footpath and its facilities (shelters, bridges, signs, etc.). The Conservancy helps to protect 370,000 acres of the A.T. landscape, the last remaining connected wilderness corridor in the Eastern United States.

Additionally, the work of the Conservancy extends beyond resource management into the realm of public information and education. The Conservancy provides online and in-person retail options with extensive A.T. publications that include guidebooks, maps, newsletters, and other books about the Appalachian Trail and its resources. The Conservancy’s communications extend to its visitor center, which hosts over 30,000 people annually. The Conservancy’s information staff addresses over 2,000 email and phone inquiries each year. The Conservancy’s website averages approximately 97,000 visits each month, and it shares updates with more than 100,000 email subscribers and 728,000 social followers.

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.

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 minimum level to support monitoring and legal defense cost. Each year the fund is evaluated to determine whether the spending policy will apply.

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.

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 and transferred to the General Fund in accordance with the Conservancy's investment and spending policy.

The David N. Startzell Fund consist of board-designated, unrestricted assets and represent the strategic reserve that help ensure the long-term continuity of the Appalachian Trial Conservancy. The Board's established Annual Spending Policy applies to this fund once the net asset balance meets one year's worth of operating expense. Once the minimum level is exceeded, the Annual Spending Policy will apply.

The Vision Endowment Fund consist of donor-restricted assets, including the Life Membership Fund. The principal of these funds is permanently restricted. The investment returns are used to support program activities as designated by the donor such as trail management, land protection, and other program related activities. Investment returns generated by the Vision Endowments are transferred to the General Fund in accordance with the Conservancy's Investment and Spending Policy.

The Conservancy's Investment Policy specifies that the Annual Spending Policy will be consistent with the objective of preservation of the real purchasing power of the portfolio over time. Every two years, the long-term expected net investment return rate and long-term inflation rate will be reviewed to establish the maximum spending policy for the following years. Investment returns on the invested assets of the Endowment Funds shall be transferred to the appropriate fund based on the rolling market value measured on the last day of the previous twelve (12) quarters of the prior fiscal year.

### 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.

### 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 $117,602 and $126,873 for the years ended December 31, 2025 and 2024, respectively.

Resources restricted by donors 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).

*Other 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 |
| 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 |

### 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, 2025 and 2024, 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).

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 $2,050,000 and $2,100,000 for the years ended December 31, 2025 and 2024, 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.

| | 2025 | 2024 |
|---|---|---|
| Financial assets, at year-end: | | |
| Cash and cash equivalents | $ 14,552,234 | $ 12,288,376 |
| Accounts receivable, net | 11,386,996 | 11,144,572 |
| Pledges receivable, net | 5,455,286 | 1,688,010 |
| Long-term investments | 17,922,142 | 15,942,424 |
| Total financial assets | 49,316,658 | 41,063,382 |
| Less those unavailable for general expenditure within one year, due to: | | |
| Board designations | 11,378,670 | 9,954,740 |
| Donor-restricted | 22,600,234 | 17,895,679 |
| Land preservation funds | 6,452,469 | 6,658,294 |
| (Less) amounts available for spending within one year, in accordance with spending policy | (504,873) | (522,000) |
| Financial assets not available to be used within one year | 39,926,500 | 33,986,713 |
| Financial assets available to meet cash needs for general expenditures within one year | $ 9,390,158 | $ 7,076,669 |

## 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, 2025 and 2024:

| | 2025 | | |
|---|---|---|---|
| | Cost | Fair Market Value | Unrealized Gain (Loss) |
| Cash or cash equivalents | $ 971,534 | $ 971,534 | $ - - |
| Stocks | 7,261,533 | 11,041,573 | 3,780,040 |
| Fixed income securities | 5,949,967 | 5,909,035 | (40,932) |
| Total | $ 14,183,034 | $ 17,922,142 | $ 3,739,108 |

| | 2024 | | |
|---|---|---|---|
| | Cost | Fair Market Value | Unrealized Gain (Loss) |
| 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 | $ 13,313,286 | $ 15,942,424 | $ 2,629,138 |

Investment return, net consisted of the following for the years ended December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Interest and dividends | $ 839,983 | $ 579,491 |
| Realized and unrealized gain, net | 1,888,376 | 1,050,939 |
| Investment fees | (103,421) | (76,984) |
| | $ 2,624,938 | $ 1,553,446 |

## Note 5. Receivables

Accounts receivable at December 31, 2025 and 2024, consisted primarily of amounts due from the National Park Service. Net accounts receivable consisted of the following:

| | 2025 | 2024 |
|---|---|---|
| Federal | $ 10,910,884 | $ 10,973,357 |
| State | 116,040 | 107,700 |
| Trade | 36,326 | 18,682 |
| Other | 323,746 | 46,498 |
| Allowance for doubtful accounts | - - | (1,665) |
| | $ 11,386,996 | $ 11,144,572 |

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:

| | 2025 | 2024 |
|---|---|---|
| Pledges receivable | $ 6,162,058 | $ 2,058,771 |
| Discount on pledges | (597,156) | (321,282) |
| Allowance for uncollectible pledges | (109,616) | (49,479) |
| | $ 5,455,286 | $ 1,688,010 |

Future collections are expected to be as follows:

| | |
|---|---|
| 2026 | $ 1,617,550 |
| 2027 | 1,393,050 |
| 2028 | 1,380,899 |
| 2029 | 1,245,824 |
| 2030 | 156,250 |
| Thereafter | 368,485 |
| | 6,162,058 |
| Discount | (597,156) |
| Allowance | (109,616) |
| | $ 5,455,286 |

Total bad debt expense (recovery) for the years ended December 31, 2025 and 2024 was $109,616 and ($11,235), respectively.

## Note 6. Property and Equipment

Property and equipment consisted of the following as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Land and land improvements | $ 81,661 | $ 81,661 |
| Building and building improvements | 1,061,070 | 1,061,070 |
| Furniture and equipment | 707,993 | 650,668 |
| Computer software | 1,434,131 | 1,434,131 |
| | 3,284,855 | 3,227,530 |
| Less accumulated depreciation and amortization | (2,740,987) | (2,633,649) |
| | $ 543,868 | $ 593,881 |

## 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 recorded value of land held in conservancy at December 31, 2025, and 2024, amounted to $4,072,296.

## 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 $4,297,968 and $3,506,160 during the years ending December 31, 2025 and 2024, 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, 2025, the Conservancy received 34% of its contributions support from one contributor. For the year ended December 31, 2024, the Conservancy received 13% of its contributions support from two contributors.

## 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 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 $315,513 and $252,852 for the years ended December 31, 2025, and 2024, respectively.

## Note 10. Operating and Finance Lease Commitments

*Operating Leases and Future Commitments*

As of the December 31, 2025, the Conservancy was the lessee of eight operating lease agreements for office and storage space. The weighted average discount rate associated with operating leases was 3.85% and 3.74% as of December 31, 2025 and 2024, 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 13 to 72 months. As of December 31, 2025 and 2024, the weighted average remaining lease term for all operating leases was approximately 2.4 years and 3.2 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, 2025:

| | | |
|---|---|---|
| 2026 | $ | 65,636 |
| 2027 | | 41,932 |
| 2028 | | 28,922 |
| | | 136,490 |
| Imputed interest | | (6,388) |
| Present value of operating lease payments | $ | 130,102 |

Rent expense was $82,606 and $69,955 for the years ended December 31, 2025 and 2024, respectively.

*Finance Leases and Future Commitments*

As of the December 31, 2025, the Conservancy was the lessee of five finance lease agreements for office equipment. The weighted average discount rate associated with finance leases was 3.67% and 3.74% as of December 31, 2025 and 2024, 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, 2025, the weighted average remaining lease term for all finance leases was approximately 2.5 and 4 years, including renewal periods as of December 31, 2025 and 2024, respectively.

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, 2025:

| | | |
|---|---|---|
| 2026 | $ | 17,357 |
| 2027 | | 12,567 |
| 2028 | | 9,040 |
| | | 38,964 |
| Imputed interest | | (1,770) |
| Present value of finance lease payments | $ | 37,194 |

Interest expense was $912 and $1,250 for the year ended December 31, 2025 and 2024, respectively. Amortization expense was $12,549 and $13,382 for the year ended December 31, 2025 and 2024, respectively.

The Conservancy paid $80,847 for amounts included in the measurement of operating lease liabilities for the year ended December 31, 2025. The Conservancy paid $13,393 for amounts included in the measurement of finance lease liabilities for the year ended December 31, 2025.

## 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. For the years ended December 31, 2025, and 2024, awards and grants amounting to $90,564 and $84,504, 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.

## 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 $1,025,133 and $785,587 at December 31, 2025 and 2024, 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, 2025 and 2024, the annuity actuarial adjustment amounted to $0 and ($107,280) respectively. Total liability under split-interest agreements totaled $372,635 and $312,646 as of December 31, 2025 and 2024, 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, 2025 and 2024 were as follows:

| | 2025 | 2024 |
|---|---|---|
| David N. Startzell Stewardship Fund – amounts designated in accordance with contributions policy | $ 8,582,376 | $ 7,308,194 |
| Operating Reserve - amounts designated for seasonal cash flow for general operating fund | 2,356,961 | 2,287,598 |
| Monitoring Fund, monitoring of AT Conservation Lands designated in accordance with contributions policy | 439,333 | 358,948 |
| Total Board Designated Net Assets | $ 11,378,670 | $ 9,954,740 |

## Note 14. Deferred Revenue

Deferred revenue consisted of the following as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Deferred memberships | $ 39,534 | $ 39,534 |
| Deferred - National Park Service (NPS) | 10,452,820 | 10,492,083 |
| Deferred - other | 6,643,855 | 6,875,038 |
| | $ 17,136,209 | $ 17,406,655 |

The beginning balance for deferred revenue as of January 1, 2024 was $9,244,507.

## 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, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Conservation projects | $ 1,430,356 | $ 1,257,378 |
| Land Protection Funds | 194,292 | 1,359,175 |
| Vision Fund | 41,419 | - - |
| Annuity Fund | - - | 107,280 |
| David N Startzell Fund | | |
| Endowment expenditures | - - | 24,204 |
| Land Acquisition Fund: | | |
| Acquisition expenditures | 335,704 | - - |
| Investment return, net of fees released | 698,260 | 110,055 |
| Total net assets released from restrictions | $ 2,700,031 | $ 2,858,092 |

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.

## Note 16. Net Assets

Net assets included the following as of December 31, 2025 and 2024:

| | Net Assets with Donor Restriction | |
|---|---|---|
| | 2025 | 2024 |
| Purpose restrictions: | | |
| Conservation Projects | $ 7,506,357 | $ 3,679,881 |
| Land Acquisition Fund | 5,721,749 | 5,757,759 |
| Monitoring Fund | 168,657 | 168,657 |
| Annuity Fund | 652,498 | 597,708 |
| Land Protection Funds | 915,667 | 985,151 |
| Vision Fund | 909,225 | 767,091 |
| Total purpose restrictions | 15,874,153 | 11,956,247 |
| Funds held in perpetuity (subject to appropriation) | | |
| Land Acquisition Fund | 556,301 | 556,301 |
| Vision Fund | 6,169,780 | 5,383,131 |
| Total funds held in perpetuity | 6,726,081 | 5,939,432 |
| | $ 22,600,234 | $ 17,895,679 |

## 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, 2025 and 2024:

| | 2025 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash or cash equivalents | $ 971,534 | $ - - | $ - - | $ 971,534 |
| Stocks | 11,041,573 | - - | - - | 11,041,573 |
| Fixed income securities | 5,909,035 | - - | - - | 5,909,035 |
| | $ 17,922,142 | $ - - | $ - - | $ 17,922,142 |

| | 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 |
| | $ 15,942,424 | $ - - | $ - - | $ 15,942,424 |

## Note 18. Endowment Funds

The Conservancy's endowment consists of the David N Startzell Stewardship Fund, Vision Fund and the Land Acquisition Fund, which contain donor-restricted and Board designated 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, 2025 and 2024 in the Conservancy’s funds.

*Spending Policy*

The Conservancy has adopted a spending policy for distribution each year which allows for distribution up to a maximum percentage, determined by the Spending Policy, 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.

Changes in endowment net assets for the years ending December 31, 2025 and 2024, were as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, December 31, 2023 | $ 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 | (372,033) | (111,473) | (483,506) |
| Endowment net assets, December 31, 2024 | 7,308,194 | 5,939,432 | 13,247,626 |
| Investment return, net | 739,821 | 831,983 | 1,571,804 |
| Transfer to General Fund | (379,119) | (165,749) | (544,868) |
| Contributions | 1,770,764 | 161,834 | 1,932,598 |
| Appropriation of endowment assets for expenditure | (857,284) | (41,419) | (898,703) |
| Endowment net assets, December 31, 2025 | $ 8,582,376 | $ 6,726,081 | $ 15,308,457 |

## Note 19. Subsequent Events

The Conservancy has evaluated all subsequent events through April 23, 2026, 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. 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, 2025 and 2024, the Conservancy recognized the following contributed nonfinancial assets received.

| Type of Contributed Nonfinancial Asset | Valuation Methodology | 2025 | 2024 |
|---|---|---|---|
| Inventory | Purchase Price | $ 36,038 | $ 6,096 |
| Legal Services | Hours X Standard Billing Rate | 224,096 | 146,876 |
| Marketing and fundraising services | Hours X Standard Billing Rate | 52,202 | - - |
| Subscriptions | Purchase Price | 23,193 | - - |
| Travel | Purchase Price | 6,971 | 12,274 |
| | | $ 342,500 | $ 165,246 |

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, 2025 and 2024, respectively:

| | 2025 | | | |
|---|---|---|---|---|
| **Type of Contributed Nonfinancial Asset** | **Program Services** | **General and Administrative** | **Fundraising** | **Total** |
| Legal Services | $ - - | $ 224,096 | $ - - | $ 224,096 |
| Marketing and fundraising services | - - | - - | 52,202 | 52,202 |
| Subscriptions | - - | - - | 23,193 | 23,193 |
| Travel | - - | 6,971 | - - | 6,971 |
| | $ - - | $ 231,067 | $ 75,395 | $ 306,462 |

| | 2024 | | | |
|---|---|---|---|---|
| **Type of Contributed Nonfinancial Asset** | **Program Services** | **General and Administrative** | **Fundraising** | **Total** |
| Legal Services | $ - - | $ 146,876 | $ - - | $ 146,876 |
| Travel | - - | 12,274 | - - | 12,274 |
| | $ - - | $ 159,150 | $ - - | $ 159,150 |

The inventory received during the years ended December 31, 2025 and 2024 was reported on the Statements of Financial Position as of December 31, 2025 and 2024, 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 by 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, 2025 and 2024, 4,592 and 5,059, respectively, volunteers donated 155,256 and 176,504, respectively, hours to the Conservancy's programs and supporting services.

## Note 21. Grant and Cooperative Agreement

The Conservancy is party to a federal participating agreement with the USDA Forest Service to provide infrastructure assessment, repair and restoration of the watershed, and trail infrastructure improvement of specifically identified areas related to the long-term recovery of the trail from a hurricane. The agreement is cost-reimbursable. It provides for reimbursement of allowable costs incurred by the Conservancy, subject to a maximum federal award amount of $21,378,824. Funds are drawn on a cost-reimbursement basis as qualifying expenditures are incurred by the Conservancy. The Conservancy is required to submit monthly invoices for reimbursement, separating the Forest Service and Conservancy’s share of costs incurred, including separate identification of in-kind contributions.

In some cases, funds may be advanced based on estimated expenditures for a specified period. Amounts received in advance of incurring allowable costs are recorded as refundable advances (deferred revenue) until the related conditions are met, in accordance with ASC 958-605 for conditional contributions. Advances must be expended within 30 days of receipt.

The agreement is effective through September 15, 2030. As of December 31, 2025, the Organization has incurred cumulative allowable costs of $186,524 under the agreement and has recognized grant revenue in that amount. At December 31, 2025, accounts receivable related to this agreement of $43,582 represent allowable costs incurred but not yet reimbursed. The Conservancy will continue to execute the scope of work under this agreement through September 2030 and will recognize the conditional contributions as funds are earned. For the year ended December 31, 2025, $21,192,300 is available to be used by the Conservancy.

## Note 22. Schedules of Functional Expenses

The schedules of functional expenses were as follows for the years ended December 31, 2025 and 2024:

| 2025 | Trail Management, Conservation and Land Trust | Visitor, Member, and Volunteer Support Services | Management and General | Fundraising | Total Expenses |
|---|---|---|---|---|---|
| Salaries, taxes and benefits | $ 4,699,601 | $ 1,214,173 | $ 1,076,261 | $ 1,268,312 | $ 8,258,347 |
| Contract services | 2,198,653 | 1,132,291 | 708,093 | 495,114 | 4,534,151 |
| Supplies | 447,988 | 76,092 | 73,519 | 7,834 | 605,433 |
| Postage | 5,325 | 40,804 | 1,735 | 155,795 | 203,659 |
| Printing | 2,928 | 68,332 | - - | 213,084 | 284,344 |
| Personnel development | 16,453 | 3,103 | 3,866 | 2,479 | 25,901 |
| Promotional | 15,007 | 91,478 | - - | 10,627 | 117,112 |
| Travel, meetings and conferences | 280,908 | 21,069 | 22,239 | 33,621 | 357,837 |
| Licenses and fees | 13,980 | 94,020 | 571 | 76,134 | 184,705 |
| Grants | 779,568 | - - | - - | - - | 779,568 |
| Organization infrastructure | 311,466 | 14,098 | 168,161 | 7,960 | 501,685 |
| Depreciation and amortization | 12,464 | - - | 61,215 | 56,472 | 130,151 |
| Other expenses | 43,830 | 128,128 | 313,384 | 7,665 | 493,007 |
| Total expenses | $ 8,828,171 | $ 2,883,588 | $ 2,429,044 | $ 2,335,097 | $ 16,475,900 |

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

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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, 2025, 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 23, 2026.

**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.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
April 23, 2026

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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, 2025. 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, 2025.

### *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.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
April 23, 2026

**APPALACHIAN TRAIL CONSERVANCY**

**Schedule of Expenditures of Federal Awards**
For the Year Ended December 31, 2025

| 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 | $ - - | $ 502,438 |
| Repair Rehab | 15.935 | P14AC00659 | 530,995 | 1,454,822 |
| Cyclic | 15.935 | P14AC00659/P25AM00100 | - - | 1,011,837 |
| SUP | 15.935 | P14AC00659 | - - | 21,676 |
| PLC Rec Fee | 15.931 | P20AC00109 | 60,000 | 69,054 |
| Other NPS accounts | 15.944 | P14AC00659 | - - | 25,385 |
| Other NPS accounts | 15.935 | P14AC00659/P25AM00100 | 34,419 | 1,212,756 |
| **Total U.S. Department Interior** | | | **625,414** | **4,297,968** |
| **U.S. Department of Agriculture** | | | | |
| Passed through US Forest Service | 10.U00 | 20-CS-11080300-319,<br>21-CS-11083150-268,<br>22-CS-11081100-220,<br>23-PA-11080800-087,<br>24-PA-11080800-377,<br>25-CS-11083150-219,<br>25-PA-11083150-293 | - - | 186,525 |
| Passed through private cooperator, National Fish and Wildlife Foundation, via subaward using USFS federal funding | 10.717 | 5200.23.077004 | 73,272 | 247,297 |
| **Total U.S. Department of Agriculture** | | | **- -** | **433,822** |
| **Total Expenditures of Federal Awards** | | | **$ 625,414** | **$ 4,731,790** |

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, 2025

## 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, 2025. 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 15-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 | $ | 4,731,790 |
| Nonfederal program revenue | | 1,319,965 |
| Total contractual services revenue | $ | 6,051,755 |

**THE APPALACHIAN TRAIL CONSERVANCY**

**Schedule of Findings and Questioned Costs**
For the Year Ended December 31, 2025

## 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: $1,000,000

| | | | | |
|---|---|---|---|---|
| Auditee qualified as low-risk auditee? | X | Yes | ________ | No |

**Schedule of Findings and Questioned Costs (continued)**
For the Year Ended December 31, 2025

## II. FINANCIAL STATEMENT FINDINGS

None.

## III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

## IV. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None.