

AMERICAN TRAILS
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2018

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Donald R. Reynolds

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors
American Trails, Inc.
Redding, California

I have audited the accompanying statement of financial position of American Trails, Inc. as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the

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Board of Directors
American Trails, Inc.

financial position of American Trails, Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles

Other Matters

Required Supplementary Information

My audit was performed for the purpose of forming an opinion on the basic financial statements of American Trails, Inc taken as a whole. The supplemental schedules of Changes in Financial Position, Budget versus Actual listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the financial statements of American Trails, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2018 and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Donald R. Reynolds, CPA
Redding California
July 20, 2019

**AMERICAN TRAILS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 102,313
Accounts receivable	63,169
Inventory	8,438
Other current assets	<u>-</u>
Total current assets	<u>173,920</u>

LAND, BUILDINGS AND EQUIPMENT:

Furniture and Equipment	19,846
Less accumulated depreciation	<u>(18,412)</u>
Total land, buildings and equipment	<u>1,434</u>
Total assets	<u>\$ 175,354</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ -
Credit cards	-
Accrued wages and related expenses	2,707
Accrued vacation expense	<u>14,245</u>
Total current liabilities	<u>16,952</u>

NET ASSETS:

Unrestricted net assets	158,402
Temporarily restricted net assets	-
Permanently restricted net assets	<u>-</u>
Total net assets	<u>158,402</u>
Total liabilities and net assets	<u>\$ 175,354</u>

**AMERICAN TRAILS
STATEMENT OF ACTIVITY
YEAR ENDED DECEMBER 31, 2018**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTALS</u>
REVENUES AND OTHER SUPPORT:				
Symposium	\$ 90,283	\$ -	\$ -	\$ 90,283
Project revenue	304,070	-	-	304,070
Membership dues	34,632	-	-	34,632
Subscriptions	-	-	-	-
Advertising	270	-	-	270
Online Store	2,556	-	-	2,556
Contributions	86,119	-	-	86,119
Interest	205	-	-	205
Other Income	10,430	-	-	10,430
Total Revenues and other support	<u>528,565</u>	<u>-</u>	<u>-</u>	<u>528,565</u>
EXPENSES:				
Payroll expenses	236,038	-	-	236,038
Other program expenses:				
Symposium	52,955	-	-	52,955
Projects	125,418	-	-	125,418
Newsletter	23,467	-	-	23,467
Online store	733	-	-	733
General and administrative	91,697	-	-	91,697
Total expenses	<u>530,308</u>	<u>-</u>	<u>-</u>	<u>530,308</u>
Increase (Decrease) in net assets	(1,743)	-	-	(1,743)
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(1,743)	-	-	(1,743)
NET ASSETS, BEGINNING OF YEAR	<u>160,145</u>	<u>-</u>	<u>-</u>	<u>160,145</u>
NET ASSETS, END OF YEAR	<u>\$ 158,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,402</u>

**AMERICAN TRAILS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,743)
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation	-
(Increase) Decrease in:	
Accounts receivable net of allowance for doubtful accounts	(41,748)
Inventory	(2,155)
Other assets	-
Increase (Decrease) in:	
Accounts payable	-
Credit cards	-
Accrued wages and related expenses	306
Accrued vacation expense	<u>3,160</u>
Net cash provided (used) by operating activities	<u>(42,180)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of fixed assets	<u>-</u>
Net cash provided (used) by investing activities	<u>-</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds of long-term debt	-
Repayments of long-term debt	<u>-</u>
Net cash provided (used) by financing activities	<u>-</u>

NET INCREASE (DECREASE) IN CASH (42,180)

CASH AND CASH EQUIVALENTS, BEGINNING	<u>144,493</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 102,313</u>

Interest paid during the period ended 12/31/2018 \$ -

AMERICAN TRAILS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 REPORTING ENTITY

NATURE OF OPERATIONS

American Trails (the Organization) is a non-profit organization, incorporated in Washington D.C. in 1988. The Organization's stated purpose is to create and maintain a national trails infrastructure that meets the recreational, health and travel needs of all Americans. This purpose is accomplished through the printing of a magazine, the management of various projects and by holding a Symposium every two years. Projects include the National Recreation Trails Project, the Universal Trail Assessment Process Project and the National Trails Training Partnership Project. The focus of the Symposium is to educate members regarding current trails issues and technologies, to showcase successful trail projects and to foster communication and cooperation among members and trail users. Support for the Organization comes from membership dues, government funding agreements and Symposium attendance fees and sponsorships.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

BASIS OF PRESENTATION

In accordance with Statement of Financial Accounting Standard (SFAS) Number 117 (Financial Statements of Not-for-Profit Organizations) the Organization reports information regarding its financial position and activities according to three classes of net assets based upon the existence or absence of donor-imposed restricted, as follows:

Unrestricted Net Assets: Unrestricted net assets represent resources over which the Board of Directors have discretionary control and that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted Net Assets: Temporarily restricted net assets represent resources whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement.

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AMERICAN TRAILS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanently Restricted Net Assets: Permanently restricted net assets represent resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization does not have any temporary or permanently restricted net assets at December 31, 2018.

REVENUE RECOGNITION

The Organization has elected the adoption of FAS Number 116 (Accounting for Contributions Received and Contributions Made). As such, contributions are recognized as revenue when they are unconditionally pledged or when they are received.

The Organization would report gifts of cash and other assets 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, temporarily restricted net assets are reclassified to the statement of activities as net assets released from restrictions.

The Organization would report gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-term 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 restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

VOLUNTEERS

A number of unpaid volunteers have made significant contributions of their time to American Trails such as participation as Board Members, technical support, and symposium staff. These contributions were not recorded in the accompanying financial statements because the recognition criteria of such volunteer effort under Statement of Financial Accounting Standards No. 116 have not been satisfied.

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AMERICAN TRAILS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Management believes all receivables to be collectible, therefore, no allowance for doubtful accounts exists.

FURNITURE AND EQUIPMENT

Furniture and equipment are stated at cost. Should the Organization receive donated assets, they are recorded at their estimated fair market value at the date of the contribution. Depreciation has been provided using the straight line method over estimated useful lives of five years.

INCOME TAXES

The Department of the Treasury has determined that the Organization is exempt from Federal income tax under Internal Revenue Service Code Section 501(c)(3). The Organization is required to file a form 990 information return on an annual basis and is liable for tax on activities generating business income unrelated to its exempt purpose. The Organization also has an exemption from State income tax under Section 23701d. The Organization is required to file a form 199 information return on an annual basis.

FUNCTIONAL ALLOCATION OF EXPENSES

Certain operating costs that are not directly identifiable with specific projects or the Symposium have been allocated between these programs and general administrative expenses on the statement of activities.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Carrying balances of cash accounts at December 31, 2018 equaled \$102,313.

INVENTORY

Materials and supplies inventory is priced at cost using the first-in, first-out method.

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AMERICAN TRAILS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3 CONCENTRATION OF CREDIT RISK

The Organization's financial instruments that are potentially exposed to concentration of credit consist primarily of cash and cash equivalents. The Organization places its cash with high credit quality institutions. At times, such cash may be in excess of FDIC insurance limits; however, the Organization believes that the credit risk is nominal. At December 31, 2018, there was no balance in excess of the FDIC insurance limit.

The Organization receives its support primarily from federal funding and symposium income. Symposiums are held every other year.

NOTE 4 USE OF ESTIMATES

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 5 SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2018 through July 20, 2019, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

NOTE 6 FURNITURE AND EQUIPMENT

Furniture and equipment at December 31, 2018, is summarized as follows:

Furniture and equipment	\$ 19,846
Less accumulated depreciation	(18,412)
Furniture and equipment, net	\$ <u>1,434</u>

Depreciation expense for the fiscal year ended December 31, 2018, was \$-0-.

American Trails
Schedule of Functional Expenses
For the year ended December 31, 2018

	American Trails Magazine	Emerging Leaders Program	Fundraising	General Operating	KMS RTP Database Project
Income					
Advertising	\$ 26,993	\$ -	\$ 487	\$ 13,993	\$ -
Donations	-	3,951	-	2,878	-
Interest Income	-	-	-	9	-
Membership Dues	-	-	33,982	650	-
Project Income	-	-	38	-	49,194
Store	-	-	-	-	-
Subscriptions	-	-	-	-	-
Other	-	13,870	-	1,014	-
Total Income	26,993	17,821	34,507	18,544	49,194
Gross Profit	26,993	17,821	34,507	18,544	49,194
Expenses					
Banking and Merchant Processing	-	-	388	1,421	415
Board Expense	-	-	-	-	-
Communications	-	-	-	-	-
Computer	-	-	-	4,830	505
Contractor	6,600	1,520	-	438	2,070
Depreciation	-	-	-	-	-
Discretionary	-	-	-	4,825	-
Dues and Subscriptions	-	-	24	4,011	-
Equipment	-	-	-	1,530	-
Furniture	-	-	-	-	-
Insurance	-	-	123	2,235	144
Magazine and Newsletters	15,293	-	-	-	-
Office	-	-	212	848	247
Payroll Expense	1,972	2,115	16,007	90,142	16,302
Postage and Shipping	1,574	-	55	876	-
Printing and Reproduction	-	-	-	1,639	-
Professional Services	-	-	2,250	8,999	2,625
Project Expense	-	-	-	-	-
Promotion	-	-	313	-	-
Rent	-	-	782	3,130	913
Reporting Fees	-	-	-	-	-
Store - Expense	-	218	-	-	-
Symposium Expense - General	-	-	-	698	-
Taxes	-	200	-	544	-
Telephone	-	-	143	571	167
Training	-	-	-	425	-
Travel	-	-	-	7,597	-
Utilities	-	-	383	1,534	447
Website Development	-	-	2,133	2,351	-
Total Expenses	25,439	4,053	22,813	138,644	23,835
Net Operating Income	1,554	13,768	11,694	(120,100)	25,359
Net Income	\$ 1,554	\$ 13,768	\$ 11,694	\$ (120,100)	\$ 25,359

American Trails
Schedule of Functional Expenses
For the year ended December 31, 2018

	Capacity Building	Online Store	Total Projects	Total Symposium	TOTAL
Income					
Advertising	\$ -	\$ -	\$ -	\$ -	\$ 41,473
Donations	20,000	-	-	-	26,829
Interest Income	-	-	-	-	9
Membership Dues	-	-	-	-	34,632
Project Income	31,612	-	237,055	-	317,899
Store	-	2,556	-	-	2,556
Subscriptions	-	-	-	-	-
Other	-	-	-	90,283	105,167
Total Income	51,612	2,556	237,055	90,283	528,565
Gross Profit	51,612	2,556	237,055	90,283	528,565
Expenses					
Banking and Merchant Processing	-	87	2,625	1,213	6,149
Board Expense	-	-	-	-	-
Communications	-	-	-	-	-
Computer	-	-	3,105	1,444	9,884
Contractor	30,210	-	66,765	5,660	113,263
Depreciation	-	-	-	-	-
Discretionary	-	-	-	-	4,825
Dues and Subscriptions	-	158	3,640	752	8,585
Equipment	572	-	225	525	2,852
Furniture	-	-	-	-	-
Insurance	-	-	883	2,642	6,027
Magazine and Newsletters	-	-	-	-	15,293
Office	1,783	-	1,520	719	5,329
Payroll Expense	-	-	57,055	52,446	236,039
Postage and Shipping	-	453	549	351	3,858
Printing and Reproduction	-	-	936	1,388	3,963
Professional Services	-	-	17,894	7,500	39,268
Project Expense	-	-	-	-	-
Promotion	-	-	-	-	313
Rent	-	-	5,607	11,233	21,665
Reporting Fees	-	-	-	-	-
Store - Expense	-	-	-	-	218
Symposium Expense - General	-	-	3,306	5,580	9,584
Taxes	-	36	148	173	1,101
Telephone	-	-	1,024	476	2,381
Training	-	-	-	487	912
Travel	3,821	-	4,973	11,386	27,777
Utilities	-	-	2,748	1,278	-
Website Development	-	-	-	147	4,631
Total Expenses	36,386	734	173,003	105,400	530,307
Net Operating Income	15,226	1,822	64,052	(15,117)	(1,742)
Net Income	\$ 15,226	\$ 1,822	\$ 64,052	\$ (15,117)	\$ (1,742)