THE FLORIDA TRAIL ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

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James Moore
Certified Public Accountants and Consultants

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors,
The Florida Trail Association, Inc.:

We have reviewed the accompanying financial statements of The Florida Trail Association, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

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

We are required to be independent of The Florida Trail Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

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

James Moore & Co., P.L.

Gainesville, Florida
April 15, 2021

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THE FLORIDA TRAIL ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Current assets	
Cash and cash equivalents	$ 158,501
Certificates of deposit	33,293
Contracts receivable	219,599
Contributions receivable	500
Investments	881,231
Inventory	22,192
Prepaid expenses	8,700
Total current assets	1,324,016
Property and equipment, net	134,705
Other assets	
Restricted cash and cash equivalents	302,708
Total Assets	$ 1,761,429

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	$ 59,131
Deferred revenue	96,498
Refundable advance - Paycheck Protection Program	70,100
Current portion of long-term liabilities	15,982
Total current liabilities	241,711
Long-term liabilities	
Long-term liabilities, less current portion	9,141
Total long-term liabilities	9,141
Total Liabilities	250,852
Net assets	
Without donor restrictions	
Undesignated	1,098,287
Invested in property and equipment, net	109,582
Total without donor restrictions	1,207,869
With donor restrictions	302,708
Total net assets	1,510,577
Total Liabilities and Net Assets	$ 1,761,429

The accompanying notes to the financial statements
are an integral part of this statement.

- SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT -

THE FLORIDA TRAIL ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	$ 172,087	$ 2,101	$ 174,188
Grants and contracts	514,691	-	514,691
Conference	8,835	-	8,835
Dues assessments	131,585	-	131,585
Sales and advertising	18,240	-	18,240
Chapter income	52,579	-	52,579
Interest and dividends	1,813	-	1,813
Miscellaneous income	395	-	395
Unrealized gain on investments	11,995	-	11,995
Net assets released from restrictions	2,423	(2,423)	-
Total support and revenues	914,643	(322)	914,321
Expenses			
Trail construction	354,939	-	354,939
Trail management	40,141	-	40,141
Fundraising and advocacy	25,872	-	25,872
Outreach	185,176	-	185,176
Management	193,955	-	193,955
Total expenses	800,083	-	800,083
Increase (decrease) in net assets	114,560	(322)	114,238
Net assets, beginning of year	1,093,309	303,030	1,396,339
Net assets, end of year	$ 1,207,869	$ 302,708	$ 1,510,577

The accompanying notes to the financial statements
are an integral part of this statement.

- SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT -

THE FLORIDA TRAIL ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Cash flows from operating activities	
Cash received from members, grantors and others	$ 1,412,721
Cash paid to employees and vendors	(798,301)
Cash received for interest and dividends	1,813
Cash paid for interest	(2,718)
Cash received from Paycheck Protection Program	70,100
Net cash provided by operating activities	683,615
Cash flows from investing activities	
Purchases of certificate of deposit and investments	(666,165)
Proceeds from sale of investments	65,000
Purchase of property and equipment	(86,654)
Proceeds from sale of property and equipment	275,000
Net cash used in investing activities	(412,819)
Cash flows from financing activities	
Payments on capital lease obligations	(4,226)
Payments on long-term liabilities	(151,981)
Net cash used in financing activities	(156,207)
Net decrease in cash and cash equivalents	114,589
Cash and cash equivalents, beginning of year	346,620
Cash and cash equivalents, end of year	$ 461,209
Reflected on the statement of financial position as:	
Cash and cash equivalents	$ 158,501
Restricted cash and cash equivalents	302,708
	$ 461,209

The accompanying notes to financial statements
are an integral part of this statement.

- SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT -

THE FLORIDA TRAIL ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Activities				Supporting Activites			
	Trail Construction	Trail Management	Outreach	Programs Subtotal	Fundraising and Advocacy	Management	Supporting Subtotal	Total Expenses
Expenses								
Salaries	$ 190,475	$ 29,189	$ 82,937	$ 302,601	$ -	$ 29,189	$ 29,189	$ 331,790
Taxes	14,571	2,233	6,345	23,149	-	2,582	2,582	25,731
Employee benefits	20,586	8,446	9,550	38,582	-	9,201	9,201	47,783
Travel	25,292	273	3,203	28,768	3,093	-	3,093	31,861
Advertising	-	-	7,237	7,237	-	-	-	7,237
Footprint production	-	-	18,910	18,910	-	-	-	18,910
Conferences and education	-	-	24,534	24,534	-	-	-	24,534
Occupancy	-	-	-	-	-	34,248	34,248	34,248
Office expense	-	-	15,559	15,559	6,279	29,150	35,429	50,988
Repair and maintenance	10,641	-	-	10,641	-	3,551	3,551	14,192
Postage and printing	-	-	-	-	-	10,234	10,234	10,234
Banking	-	-	-	-	-	4,590	4,590	4,590
Insurance	-	-	-	-	-	15,488	15,488	15,488
Professional fees	-	-	-	-	16,500	14,696	31,196	31,196
Member dues	-	-	-	-	-	5,250	5,250	5,250
Materials and supplies	93,374	-	16,901	110,275	-	-	-	110,275
Depreciation	-	-	-	-	-	13,672	13,672	13,672
Loss on disposition of fixed assets	-	-	-	-	-	22,104	22,104	22,104
Total expenses	$ 354,939	$ 40,141	$ 185,176	$ 580,256	$ 25,872	$ 193,955	$ 219,827	$ 800,083

The accompanying notes to the financial statements
are an integral part of this statement.

- SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT -

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies and practices of The Florida Trail Association, Inc., which affect significant elements of the accompanying financial statements:

(a) **General**—The Florida Trail Association, Inc. (the "Association") was incorporated on December 16, 1964, as a not-for-profit organization. Its primary purpose is to develop, maintain, promote, and protect a continuous hiking trail in the State of Florida (the Florida National Scenic Trail), and other side and loop trails, together referred to as the "Florida Trail System." Its additional goals are to educate the public by teaching appreciation for and conservation of the natural beauty of Florida, and to provide opportunities to hike and camp. To accomplish these goals, the Association oversees and coordinates trail maintenance efforts, prepares and distributes a quarterly newsletter, and hosts conferences.

(b) **Income taxes**—The Association is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Association files income tax returns in the U.S. Federal and state jurisdictions. The Association's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The Association has reviewed and evaluated the relevant technical merits of each of their tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements.

(c) **Cash and cash equivalents**—Cash and cash equivalents represent cash on hand, cash due from banks, and certificates of deposit with original maturities of 90 days or less. Cash and cash equivalents include restricted cash of $302,708.

(d) **Property and equipment**—Property and equipment acquired by the Association are considered to be owned by the Association. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal Government has a reversionary interest in those assets purchased with its funds which have a cost of $5,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than $1,000 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five to thirty-one years.

(e) **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 affect the reported amounts of assets and liabilities and disclosures 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.

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Basis of accounting**—The financial statements of the Association have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

(g) **Basis of presentation**—The Association is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. See Note 9 for detail on net assets with donor restrictions.

(h) **Accrued leave**—The Association compensates its eligible employees for unused vacation leave upon termination of employment. Vacation leave is accrued as earned by eligible employees and recorded as an expense in the period earned.

(i) **Investments**—Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets as a component of investment return.

(j) **Refundable advance**—At June 30, 2020, funds received of $70,100 have not been recognized in the accompanying statement of activities because conditions on which they depend have not been met. The conditional contribution depends on applying and receiving forgiveness of the amount received. Therefore, this amount is recorded as a refundable advance on the consolidated statement of financial position. See Note 16 below.

(k) **Adoption of new accounting standard**—The Association has adopted Accounting Standards Update ("ASU") No. 2018-08, "Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic) 605." The ASU and all subsequently issued clarifying ASUs clarified guidance related to the recognition of nonexchange revenue that does not fall under ASC 606. The Foundation adopted ASC 605 as of July 1, 2019. In adopting ASC 605, there was no impact to beginning net assets. As such, no retrospective analysis of account balance changes was required.

(1) **Summary of Significant Accounting Policies:** (Continued)

(l) **Contributions**—Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the entity has adopted a policy of not implying a time restriction on contributions of such assets.

The Association receives a significant amount of donated services from unpaid volunteers who assist in trail construction and trail management. No amounts have been recognized in the statement of activities because the criteria for recognition has not been satisfied. However, the Association estimates the value of the volunteer hours at approximately $778,000 for the year ended June 30, 2020.

(m) **Advertising**—Advertising costs are recorded in operations as incurred. Total advertising expense for the year ended June 30, 2020, is $7,237.

(n) **Contract revenue recognition—**The Association receives Federal contract funding on a cost reimbursement basis. Therefore, revenue is recognized when expenses are incurred.

(o) **Inventory**—Inventory consists of program related supplies for sale to participants and fund raising supplies. Inventory is recorded at the lower of cost or market value (net realizable value) using the first-in, first-out (FIFO) method.

(p) **Contracts receivable**—Contracts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

(q) **Contributed services and other support**—Contributed services and other support are reported as support and expenses at their estimated fair value in the period in which they are donated.

(r) **Functional allocation of expenses—**The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

(s) **Subsequent events**—The Association has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 15, 2021, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(2) Concentrations of Credit Risk:

The more significant concentrations of credit risk are as follows:

(a) **Demand and time deposits**—The Association has demand and time deposits with various financial institutions. The Association has no policy requiring collateral or other security to support its deposits, although all demand and time deposits at all banks are insured up to FDIC limits.

(b) **Grants and contracts receivable**—Financial instruments that potentially subject the Association to concentrations of credit risk include grant and contracts receivable. The grant and contracts receivable are primarily for amounts due under contracts with the Federal government.

(3) Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Financial assets available within one year, at year end:	
Cash and cash equivalents	$ 158,501
Certificates of deposit	33,293
Investments	881,231
Contracts receivable	219,599
Contributions receivable	500
Less those unavailable for general expenditures within one year:	
Paycheck Protection Program advances	(70,100)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,223,024

Restricted cash is presented separately from operating cash on the statement of financial position, and is equal to the amount of net assets with donor restrictions. As such, neither are included in the calculation above. As shown in the table above, the Association has adequate financial assets available to meet liquidity needs. The Association relies heavily on grant funding to support operations as disclosed in Note 5.

(4) Retirement Plan:

The Association maintains a simplified employee pension plan (the "Plan"). The Plan is offered to all of its employees after three years of service. The Plan allows employees to contribute up to 15% of their salary. The Association contributes 5% of the employee's salary to the Plan. An employee is considered fully vested for employer contributions immediately. Amounts contributed to the Plan by the Association for the year ended June 30, 2020 were $11,376.

(5) Significant Funding Source:

The Association receives a substantial amount of its funding from the U.S. Department of Agriculture Forest Service. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Association's programs and activities.

(6) **Property and Equipment:**

Property and equipment at June 30, 2020, is as follows:

Land	$ 31,013
Leasehold improvements	56,000
Furniture and office equipment	26,688
Vehicles	83,085
	196,786
Less: Accumulated depreciation	62,081
Total	$ 134,705

Depreciation expense for the year ended June 30, 2020, was $13,672.

(7) **Deferred Dues Revenue:**

The Association collects membership dues on each member's renewal date. Membership dues are recognized as revenue equitably over the 12-month period beginning in the month of the member's renewal date. The unrecognized portion of dues amounting to $96,498 is recorded as deferred revenue at June 30, 2020.

(8) **Long-term Debt:**

Long-term debt consists of the following at June 30, 2020:

Note payable, due in monthly installments of $721 including interest at 5.13%, to June 29, 2022, secured by property and equipment	$ 16,411
Note payable, due in monthly installments of $701 including interest at 7.89%, to July 25, 2021, secured by property and equipment	8,712
Total	$ 25,123

Future maturities of notes payable are as follows:

Year Ending June 30,	**Notes Payable**
2021	$ 15,982
2022	9,141
Total	$ 25,123

(9) Net Assets with Donor Restrictions:

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:	
Land acquisition	$ 48,512
Trail protection	29,156
Capital improvement	100,000
Chapter development	2,535
	180,203
Not subject to appropriation or expenditure:	
Endowment	122,505
Total net assets with donor restrictions	$ 302,708

(10) Net Assets Released from Donor Restriction:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

Purpose restrictions accomplished:	
Trail protection	$ 1,643
Chapter development	780
Total restrictions released	$ 2,423

(11) Donor Restricted Endowment:

The Association's endowment fund includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Association has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. The Association's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable objective through diversification of asset classes. The income earned from these endowments is classified as unrestricted income during the year it is earned.

The Association has a policy of spending the income earned from the endowment funds on programs of the Association, as deemed necessary by management. This is consistent with the Association's objective to maintain the purchasing power of endowment assets, as well as to provide additional real growth through investment return.

(12) **Operating Lease:**

The Association leases office equipment and a building under operating leases expiring in fiscal years ending in 2021 to 2030. Rent expense for the office equipment for the year ended June 30, 2020, amounted to $4,608. Rent expense for the building for the year ended June 30, 2020, amounted to $17,063. Minimum future lease payments under each non-cancelable operating lease for each of the next five years are as follows:

Year Ending June 30,	Postage Meter Amount	Building Lease Amount	Copier Lease Amount
2021	$ 1,802	$ 30,000	$ 3,061
2022	1,802	36,000	3,061
2023	451	36,000	3,061
2024	-	36,000	3,061
2025	-	36,000	256
Total	$ 4,055	$ 174,000	$ 12,500

(13) **Fair Value Measurements and Investments:**

Fair values of assets measured on a recurring basis at June 30, 2020 are as follows:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	$ 881,231	$ 881,231	$ -	$ -

Financial assets valued using Level 1 inputs are based on quoted market prices within active markets.

Investments in stock have a cost basis of $869,777 as of June 30, 2020. The investment return in the Statement of Activities for the year ended June 30, 2020 consists of unrealized capital gain of $11,995 and interest and dividend income of $6,292, and is classified as net assets without donor restrictions.

(14) **Contingent Liabilities:**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally Federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time although the Association expects such amounts, if any, to be immaterial.

(15) **Recent Accounting Pronouncements:**

The FASB and other entities issued new or modifications to, or interpretations of, existing accounting guidance during 2020 and earlier years. The Association has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements, does not believe that any other new or modified principles will have a material impact on the Association's reported financial position or operations in the near term.

In May 2014, the FASB issued Accounting Standards Update 2014-09: Revenue from Contracts with Customers, to clarify the principles used to recognize revenue for all entities. The new standard (as amended) is effective for fiscal years beginning after December 15, 2019 and may be adopted early. The Association is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In February 2016, the FASB issued Accounting Standards Update 2016-02: Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard (as amended) is effective for fiscal years beginning after December 15, 2021 and may be adopted early. The Association has not evaluated the impact of the adoption on its financial statements.

(16) **Refundable Advance:**

On May 4, 2020, the Association received loan proceeds in the amount of $70,100, pursuant to the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under the terms of the PPP, loan proceeds and accrued interest are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Company maintains its payroll levels as described in the CARES Act during the covered period (eight weeks or twenty-four weeks, as selected by the Company). Any unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments until 10 months after the end of the covered period. Management intends to utilize loan proceeds for purposes consistent with the PPP and believes substantially all of the loan will be forgiven, though it is reasonably possible that conditions could arise that would make the Association ineligible for forgiveness of the loan, in whole or in part. Accordingly, this is recorded as a refundable advance on the statement of financial position.

(17) **Risks and Uncertainties:**

During the year ended June 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Company as of April 15, 2021, management believes that a material impact on the Company's financial position and results of future operations is reasonably possible.