

THE FLORIDA TRAIL ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022

**(SEE INDEPENDENT ACCOUNTANTS'
REVIEW REPORT)**

THE FLORIDA TRAIL ASSOCIATION, INC.
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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. (the Association), which comprise the statement of financial position as of June 30, 2022, 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.

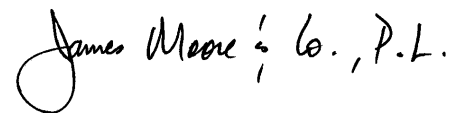
Accountants' Responsibility

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 Association 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.



Gainesville, Florida
May 26, 2023

THE FLORIDA TRAIL ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Current assets	
Cash and cash equivalents	\$ 54,117
Certificates of deposit	33,348
Contracts receivable	305,645
Investments	908,249
Inventory	24,935
Prepaid expenses	24,129
Total current assets	1,350,423
Property and equipment, net	95,117
Other assets	
Restricted cash and cash equivalents	176,766
Total Assets	\$ 1,622,306

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 49,064
Deferred revenue	62,761
Total current liabilities	111,825
Total Liabilities	111,825
Net assets	
Without donor restrictions	
Undesignated	1,238,598
Invested in property and equipment, net	95,117
Total without donor restrictions	1,333,715
With donor restrictions	176,766
Total net assets	1,510,481
Total Liabilities and Net Assets	\$ 1,622,306

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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues			
Contributions	\$ 117,517	\$ 298	\$ 117,815
Grants and contracts	671,419	-	671,419
Conference	6,818	-	6,818
Dues assessments	220,646	-	220,646
Sales and advertising	36,044	-	36,044
Chapter income	65,660	-	65,660
Federal loan forgiveness	70,100	-	70,100
Interest and dividends	2,560	-	2,560
Miscellaneous income	349	-	349
Unrealized loss on investments	(23,912)	-	(23,912)
Net assets released from restrictions	2,365	(2,365)	-
Total support and revenues	<u>1,169,566</u>	<u>(2,067)</u>	<u>1,167,499</u>
Expenses			
Trail construction	412,711	-	412,711
Trail management	143,290	-	143,290
Fundraising and advocacy	14,540	-	14,540
Outreach	232,345	-	232,345
Management	289,352	-	289,352
Total expenses	<u>1,092,238</u>	<u>-</u>	<u>1,092,238</u>
Increase (decrease) in net assets	<u>77,328</u>	<u>(2,067)</u>	<u>75,261</u>
Net assets, beginning of year	1,256,387	178,833	1,435,220
Net assets, end of year	<u>\$ 1,333,715</u>	<u>\$ 176,766</u>	<u>\$ 1,510,481</u>

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, 2022

Cash flows from operating activities	
Cash received from members, grantors and others	\$ 959,372
Cash paid to employees and vendors	(1,095,468)
Cash received for interest and dividends	2,560
Cash paid for interest	(260)
Net cash used in operating activities	(133,796)
 Cash flows from investing activities	
Purchases of investments	(7,093)
 Cash flows from financing activities	
Payments on long-term liabilities	(9,074)
 Net decrease in cash and cash equivalents	 (149,963)
 Cash and cash equivalents, beginning of year	 380,846
 Cash and cash equivalents, end of year	 \$ 230,883
 Reflected on the statement of financial position as:	
Cash and cash equivalents	\$ 54,117
Restricted cash and cash equivalents	176,766
	\$ 230,883

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, 2022**

	Program Activities				Supporting Activities			Total Expenses
	Trail Construction	Trail Management	Outreach	Programs Subtotal	Fundraising and Advocacy	Management	Supporting Subtotal	
Expenses								
Salaries	\$ 220,211	\$ 117,816	\$ 113,188	\$ 451,215	\$ -	\$ 89,309	\$ 89,309	\$ 540,524
Taxes	17,214	6,190	9,124	32,528	-	6,950	6,950	39,478
Employee benefits	45,054	15,979	14,171	75,204	-	11,865	11,865	87,069
Travel	19,872	49	2,646	22,567	-	2,344	2,344	24,911
Advertising	-	-	536	536	-	-	-	536
Footprint production	-	-	25,989	25,989	-	-	-	25,989
Conferences and education	-	-	22,702	22,702	-	-	-	22,702
Occupancy	-	-	-	-	-	61,876	61,876	61,876
Office expense	-	268	26,300	26,568	4,518	18,551	23,069	49,637
Repair and maintenance	7,285	-	-	7,285	-	14,080	14,080	21,365
Postage and printing	-	-	-	-	-	10,587	10,587	10,587
Banking	-	-	-	-	-	4,593	4,593	4,593
Insurance	-	-	-	-	-	22,422	22,422	22,422
Professional fees	-	-	-	-	-	15,613	15,613	15,613
Member dues	-	-	-	-	-	5,794	5,794	5,794
Materials and supplies	103,075	2,988	17,689	123,752	10,022	1,004	11,026	134,778
Depreciation	-	-	-	-	-	24,364	24,364	24,364
Total expenses	\$ 412,711	\$ 143,290	\$ 232,345	\$ 788,346	\$ 14,540	\$ 289,352	\$ 303,892	\$ 1,092,238

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

- SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT -

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(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 \$176,766.

(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.

- SEE INDEPENDENT ACCOUNTANTS’ REVIEW REPORT -

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(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, whereby 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) **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 \$349,820 for the year ended June 30, 2022.

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

- (k) **Advertising**—Advertising costs are recorded in operations as incurred. Total advertising expense for the year ended June 30, 2022, is \$536.
- (l) **Contract revenue recognition**—The Association receives Federal contract funding on a cost reimbursement basis. Therefore, revenue is recognized when expenses are incurred.
- (m) **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.
- (n) **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.
- (o) **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.
- (p) **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.
- (q) **Subsequent events**—The Association has evaluated events and transactions for potential recognition or disclosure in the financial statements through **May 26, 2023** ~~May 26, 2023~~, 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. Grants and contracts receivables balance was \$200,368 at July 1, 2021.

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(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	\$ 54,117
Certificates of deposit	33,348
Contracts receivable	305,645
Investments	908,249
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,301,359</u>

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, 2022 were \$16,115.

(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, 2022, is as follows:

Building and improvements	\$ 74,180
Furniture and office equipment	33,521
Vehicles	83,085
	<u>190,786</u>
Less: Accumulated depreciation	95,669
Total	<u>\$ 95,117</u>

Depreciation expense for the year ended June 30, 2022, was \$24,364.

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(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 \$62,761 is recorded as deferred revenue at June 30, 2022.

(8) **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	\$ 33,344
Trail protection	12,149
Capital improvement	6,728
Total subject to expenditure for specified purposes	<u>52,221</u>
Not subject to appropriation or expenditure:	
Endowment	124,545
Total net assets with donor restrictions	<u><u>\$ 176,766</u></u>

(9) **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	\$ 275
Chapter development	2,090
Total restrictions released	<u><u>\$ 2,365</u></u>

(10) **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.

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(11) **Operating Lease:**

The Association leases office equipment and a building under operating leases expiring in fiscal years ending in 2022 to 2030. Rent expense for the office equipment for the year ended June 30, 2022, amounted to \$5,306. Rent expense for the building for the year ended June 30, 2022, amounted to \$37,610. The building lease agreement includes rent increases beginning in year two, based on the percentage increase the Consumer Price Index, or a minimum increase of at least 1.75%. 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
2023	\$ 451	\$ 40,626	\$ 3,061
2024	-	41,762	3,061
2025	-	42,492	255
2026	-	43,236	-
2027	-	43,993	-
Thereafter	-	136,651	-
Total	<u>\$ 451</u>	<u>\$ 348,760</u>	<u>\$ 6,377</u>

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

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	\$ 908,249	\$ 908,249	\$ -	\$ -

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

Investments in stock have a cost basis of \$890,857 as of June 30, 2022. The investment return in the Statement of Activities for the year ended June 30, 2022 consists of unrealized capital loss of \$23,912 and interest and dividend income of \$2,560, and is classified as net assets without donor restrictions.

(13) **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.

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

(14) **Recent Accounting Pronouncements:**

The FASB and other entities issued new or modifications to, or interpretations of, existing accounting guidance during 2022 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 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 31, 2021 and may be adopted early. The Association has not evaluated the impact of the adoption on its financial statements.

(15) **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. On August 17, 2021, the Association received notice the forgiveness application had been approved in full. Federal loan forgiveness of \$70,100 has been recognized on the statement of activities for the fiscal year ended June 30, 2022.