

THE FLORIDA TRAIL ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024

THE FLORIDA TRAIL ASSOCIATION, INC.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Florida Trail Association, Inc. (the Association), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 Association as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. 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 Association 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.

Other Matter

The 2023 financial statements were reviewed by us and our report thereon, dated May 30, 2024, stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

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 Association's ability to continue as a going concern for one year after the date that the financial statements are 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 Association'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 Association's ability to continue as a going concern for a reasonable period of time.

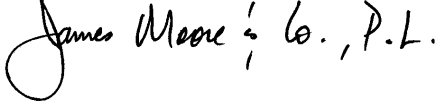
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 audits 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 Schedule of Expenditures of Federal Awards 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 February 27, 2025, on our consideration of the Association'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 Association'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 Association's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
February 27, 2025

THE FLORIDA TRAIL ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

Current assets	
Cash and cash equivalents	\$ 21,907
Certificates of deposit	33,435
Investments	1,030,518
Grants and contracts receivable	174,113
Inventory	46,535
Prepaid expenses	29,189
Total current assets	<u>1,335,697</u>
Property and equipment, net	102,705
Operating lease right of use asset, net	231,045
Other assets	
Restricted cash and cash equivalents	172,318
Total non-current assets	<u>506,068</u>
Total Assets	<u><u>\$ 1,841,765</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 64,451
Deferred revenue	86,127
Current portion of note payable	7,909
Current portion of operating lease liability	31,848
Total current liabilities	<u>190,335</u>
Long-term liabilities	
Note payable, less current portion	19,084
Operating lease liability, less current portion	204,310
Total long-term liabilities	<u>223,394</u>
Total Liabilities	<u>413,729</u>
Net assets	
Without donor restrictions	
Undesignated	1,185,119
Invested in capital assets, net	70,599
Total without donor restrictions	<u>1,255,718</u>
With donor restrictions	172,318
Total net assets	<u>1,428,036</u>
Total Liabilities and Net Assets	<u><u>\$ 1,841,765</u></u>

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

THE FLORIDA TRAIL ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 139,793	\$ -	\$ 139,793
Grants and contracts	952,844	-	952,844
Conference	25,211	-	25,211
Dues assessments	192,418	-	192,418
Sales and advertising, net of cost of goods sold	26,935	-	26,935
Chapter income	87,940	-	87,940
Investment income, net	70,462	-	70,462
Other income	2,919	-	2,919
Total support and revenues	<u>1,498,522</u>	<u>-</u>	<u>1,498,522</u>
Expenses			
Trail construction	614,956	-	614,956
Trail management	234,118	-	234,118
Outreach	226,067	-	226,067
Fundraising and advocacy	51,203	-	51,203
Management	437,545	-	437,545
Total expenses	<u>1,563,889</u>	<u>-</u>	<u>1,563,889</u>
Change in net assets	<u>(65,367)</u>	<u>-</u>	<u>(65,367)</u>
Net assets, beginning of year	1,321,085	172,318	1,493,403
Net assets, end of year	<u><u>\$ 1,255,718</u></u>	<u><u>\$ 172,318</u></u>	<u><u>\$ 1,428,036</u></u>

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

THE FLORIDA TRAIL ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Cash flows from operating activities

Cash received from members, grantors and others	\$ 1,468,824
Cash paid to employees and vendors	(1,529,652)
Cash received for interest and dividends	42,311
Net cash used in operating activities	<u>(18,517)</u>

Cash flows from investing activities

Purchases of investments	(95,478)
Proceeds from sale of investments	46,671
Purchase of property and equipment	(14,526)
Net cash used in investing activities	<u>(63,333)</u>

Cash flows from financing activities

Payments on long-term liabilities	(35,442)
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Net decrease in cash and cash equivalents	<u>(117,292)</u>
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Cash and cash equivalents, beginning of year	311,517
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Cash and cash equivalents, end of year	<u><u>\$ 194,225</u></u>
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Reflected on the statement of financial position as:

Cash and cash equivalents	\$ 21,907
Restricted cash and cash equivalents	172,318
	<u><u>\$ 194,225</u></u>

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

THE FLORIDA TRAIL ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Activities				Supporting Activities			Total Expenses
	Trail Construction	Trail Management	Outreach	Programs Subtotal	Fundraising and Advocacy	Management	Supporting Subtotal	
Expenses								
Salaries	\$ 303,171	\$ 170,785	\$ 97,810	\$ 571,766	\$ -	\$ 114,518	\$ 114,518	\$ 686,284
Taxes	22,835	16,421	7,669	46,925	-	13,592	13,592	60,517
Employee benefits	38,494	24,878	15,717	79,089	-	17,977	17,977	97,066
Travel	25,536	1,546	14,752	41,834	8,613	-	8,613	50,447
Advertising	-	310	1,005	1,315	-	-	-	1,315
Footprint production	-	-	27,849	27,849	-	-	-	27,849
Conferences and education	10,036	5,004	27,787	42,827	20,347	55,939	76,286	119,113
Occupancy	1,200	300	550	2,050	-	12,070	12,070	14,120
Operating lease expense	-	-	-	-	-	47,535	47,535	47,535
Office expense	3,250	1,016	214	4,480	128	26,809	26,937	31,417
Repair and maintenance	56,308	75	114	56,497	-	4,922	4,922	61,419
Postage and printing	-	3,660	1,874	5,534	15,710	9,601	25,311	30,845
Banking	1,431	-	-	1,431	15	6,725	6,740	8,171
Insurance	10,455	2,475	2,563	15,493	-	26,801	26,801	42,294
Professional fees	8,415	-	-	8,415	5,997	47,248	53,245	61,660
Member dues	-	4,145	11,450	15,595	250	8,204	8,454	24,049
Materials and supplies	133,825	3,503	16,713	154,041	143	504	647	154,688
Depreciation	-	-	-	-	-	29,531	29,531	29,531
Other	-	-	-	-	-	15,569	15,569	15,569
Total expenses	<u>\$ 614,956</u>	<u>\$ 234,118</u>	<u>\$ 226,067</u>	<u>\$ 1,075,141</u>	<u>\$ 51,203</u>	<u>\$ 437,545</u>	<u>\$ 488,748</u>	<u>\$ 1,563,889</u>

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

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(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) **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.

(c) **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 8 for detail on net assets with donor restrictions.

(d) **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. Unrelated business tax income (UBTI), if any, is considered immaterial to the financial position and operations of the Association in the current year.

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

(e) **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.

(f) **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 \$5,000 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.

(g) **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.

(h) **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.

(i) **Revenue recognition**—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 assigning 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 \$859,500 for the year ended June 30, 2024.

The Association receives Federal contract funding on a cost reimbursement basis. Therefore, revenue is recognized when expenses are incurred.

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

(j) **Advertising**—Advertising costs are recorded in operations as incurred. Total advertising expense for the year ended June 30, 2024, was \$1,315.

(k) **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.

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

(m) **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.

(n) **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. For the year ended June 30, 2024, there were no volunteer services provided that met the specialized skill requirements as defined by Generally Accepted Accounting Principles (GAAP).

(o) **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.

(p) **Subsequent events**—The Association has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 27, 2025, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(q) **Recently adopted accounting pronouncements**—In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Association adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(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 \$188,387 at July 1, 2023.

(c) **Investments**—The Association maintains balances at two brokerage houses, which hold investments in money market, equity securities, and real estate investment trusts (REITs). Each investment instrument is subject to credit risk.

(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	\$ 21,907
Certificates of deposit	33,435
Contracts receivable	174,113
Investments	1,030,518
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,259,973</u></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. 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, 2024 were \$16,568.

(5) Significant Funding Source:

The Association receives a substantial amount of its funding from the U.S. Department of Agriculture, United States Forest Service, which makes up approximately 61% of total revenue. 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.

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(6) Property and Equipment:

Property and equipment at June 30, 2024, is as follows:

Building and improvements	\$ 74,180
Land	2,168
Furniture and office equipment	38,433
Computer Software	1,368
Vehicles	144,755
Total Property and Equipment	<u>260,904</u>
Less: Accumulated depreciation	<u>(158,199)</u>
Total, net accumulated depreciation	<u>\$ 102,705</u>

Depreciation expense for the year ended June 30, 2024, was \$29,531.

(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 \$86,127 is recorded as deferred revenue at June 30, 2024.

(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	7,574
Capital improvement	6,728
Total subject to expenditure for specified purposes	<u>47,646</u>
Not subject to appropriation or expenditure:	
Endowment	124,672
Total net assets with donor restrictions	<u>\$ 172,318</u>

(9) Net Assets Released from Donor Restriction:

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors. There were no net assets released from donor restriction during the period ended June 30, 2024.

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(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.

(11) Operating Lease:

The Association has an operating lease for an office building lease, which has remaining lease terms expiring in fiscal year 2030. The Association had no finance leases for the year ended June 30, 2024.

The components of lease expense for the year ended June 30, 2024, were as follows:

Operating lease cost	\$	47,535
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Supplemental information related to the Association's leases for the year ended June 30, 2024, were as follows:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	204,310
Weighted-average remaining lease term—operating leases		6.00 years
Weighted-average discount rate—operating leases		4.88%

Future minimum lease payments under non-cancellable leases as of June 30, 2024, were as follows:

Year Ending June 30,	Operating
2025	\$ 42,496
2026	42,240
2027	43,997
2028	44,766
2029	45,553
Thereafter	53,427
Total undiscounted cash flows	272,479
Less: present value discount	(37,321)
Total lease liabilities	\$ 236,158

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(12) Fair Value Measurements and Investments:

The framework for measuring fair value 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 and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access as of the measurement date.

Level 2—Inputs to the valuation methodology include: (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3—Unobservable inputs to measure fair value of assets and liabilities for which there is little, if any market activity at the measurement date, using reasonable inputs and assumptions based upon the best information at the time, to the extent that inputs are available without undue cost and effort.

The asset'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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at June 30, 2024.

Common stock (equity securities), real estate investment trusts (REITs), and money market investments – Valued at quoted market prices.

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 Association 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.

The following tables set forth the Association's assets that were accounted for or disclosed at fair value on a recurring basis as of June 30, 2024:

	Fair Value Measurements Using			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Money Market	\$ 810,266	\$ 810,266	\$ -	\$ -
REIT	945	945	-	-
Equity securities	219,307	219,307	-	-
Total assets at fair value	<u>\$ 1,030,518</u>	<u>\$ 1,030,518</u>	<u>\$ -</u>	<u>\$ -</u>

THE FLORIDA TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

(13) **Investments:**

Investments have a cost basis of \$963,418 as of June 30, 2024. The investment return in the Statement of Activities for the year ended June 30, 2024 consists of unrealized capital gain of \$28,151 and interest and dividend income of \$43,004, less management fees of \$693, and is classified as net assets without donor restrictions.

(14) **Note Payable:**

During 2024, the Association financed a 2022 Toyota Tacoma in the amount of \$42,142. The note carries a 4.88% fixed interest rate with monthly installments of \$761 and matures on November 17, 2027. The note is secured by the vehicle. As of June 30, 2024, the note had a balance of \$26,993. Maturities on the note payable for the next five years are as follows:

Year Ending June 30,	Amount
2025	\$ 7,909
2026	8,303
2027	8,718
2028	2,063
Total	<u>\$ 26,993</u>

(15) **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.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Agency/Pass-Through Entity/ Federal Program	Federal Assistance Listing Number	Pass-Through Entity/ Contract Identifying Number	Program Expenditures
FEDERAL AWARDS			
U.S. Department of Agriculture Passed through the United States Forest Service Partnership Agreements	10.699	21-CS-11083150-076	\$ 912,093
Total expenditures			<u>\$ 912,093</u>

Notes to Schedule of Expenditures of Federal Awards:

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes federal award activity of The Florida Trail Association, Inc. (the Association) under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Association.

(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.

Pass-through entity identifying numbers are presented where available

No amounts were passed through to subrecipients during the year ended June 30, 2024

(3) **De Minimis Indirect Cost Rate Election:**

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

**INDEPENDENT AUDITORS' 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 Florida Trail Association, Inc.:

We have audited, in accordance with 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, the financial statements of The Florida Trail Association, Inc. which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 27, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Florida Trail Association, Inc.'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 Florida Trail Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the The Florida Trail Association, Inc.'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of The Florida Trail Association, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

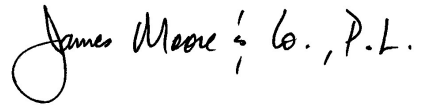
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Florida Trail Association, Inc.'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 statement. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Gainesville, Florida
February 27, 2025

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Florida Trail Association, Inc.'s (a not-for-profit corporation) 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 Florida Trail Association, Inc.'s major federal programs for the year ended June 30, 2024. The Florida Trail Association, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Florida Trail Association, Inc. 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 February 27, 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Florida Trail Association, Inc. 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 Florida Trail Association, Inc.'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 Florida Trail Association, Inc.'s federal programs.

Auditors' 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 Florida Trail Association, Inc.'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 Florida Trail Association, Inc.'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 Florida Trail Association, Inc.'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 Florida Trail Association, Inc.'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 Florida Trail Association, Inc.'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 Auditors' 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 deficiency in internal control over compliance may exist that have not been 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style. The "J" is large and loops around the "a". The "&" is written as an ampersand. The "Co." is written in a simple, slightly stylized font. The "P.L." is written in a similar simple font.

Gainesville, Florida
February 27, 2025

THE FLORIDA TRAIL ASSOCIATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? 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 that are not considered to be material weakness(es)? Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 516(a)? Yes X No

Identification of major programs: Federal Assistance Listing Number 10.699, Partnership Agreements

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

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

Section II. Findings relating to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*

None

Section III. Findings and Questions Costs for Federal Awards:

None

Section IV. Prior Audit Findings and Corrective Action Plan for Federal Awards for the Year Ended June 30, 2023:

No corrective action plan was necessary as there were no prior year audit findings.