

**AMERICAN TRAILS**  
**REVIEWED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

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# **Donald R. Reynolds**

Certified Public Accountant

## **Independent Accountant's Review Report**

Board of Directors  
American Trails  
21750 Rolling Hills Dr.  
Palo Cedro, CA 96073

I have reviewed the accompanying financial statements of American Trails, Inc., which are comprised of the statement of financial position as of December 31, 2015, and the related statement of activity, 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 company 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, I do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement whether due to fraud or error.

### ***Accountant's Responsibility***

My responsibility is to conduct the review engagements 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my conclusion.

### ***Accountant's Conclusion***

Based on my review, I am 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.



Donald R. Reynolds,  
Certified Public Accountant  
April 27, 2017

P.O. Box 994508, 1438 Oregon St., Redding, CA 96001 . (530) 246-2834 . FAX (530) 244-0331

**AMERICAN TRAILS**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015**

**ASSETS**

**CURRENT ASSETS:**

|                             |    |               |
|-----------------------------|----|---------------|
| Cash and cash equivalents   | \$ | 52,687        |
| Accounts receivable         |    | 28,389        |
| Inventory                   |    | 5,723         |
| Other current assets        |    | <u>6</u>      |
| <b>Total current assets</b> |    | <u>86,805</u> |

**LAND, BUILDINGS AND EQUIPMENT:**

|                                            |    |                 |
|--------------------------------------------|----|-----------------|
| Furniture and Equipment                    |    | 19,846          |
| Less accumulated depreciation              |    | <u>(17,091)</u> |
| <b>Total land, buildings and equipment</b> |    | <u>2,755</u>    |
| <b>Total assets</b>                        | \$ | <u>89,560</u>   |

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

|                                    |    |              |
|------------------------------------|----|--------------|
| Accounts payable                   | \$ | 1,000        |
| Credit cards                       |    | 834          |
| Accrued wages and related expenses |    | -            |
| Accrued vacation expense           |    | <u>2,243</u> |
| <b>Total current liabilities</b>   |    | <u>4,077</u> |

**NET ASSETS:**

|                                         |    |               |
|-----------------------------------------|----|---------------|
| Unrestricted net assets                 |    | 85,483        |
| Temporarily restricted net assets       |    | -             |
| Permanently restricted net assets       |    | <u>-</u>      |
| <b>Total net assets</b>                 |    | <u>85,483</u> |
| <b>Total liabilities and net assets</b> | \$ | <u>89,560</u> |

**AMERICAN TRAILS**  
**STATEMENT OF ACTIVITY**  
**YEAR ENDED DECEMBER 31, 2015**

|                                        | <u>UNRESTRICTED</u> | <u>TEMPORARILY<br/>RESTRICTED</u> | <u>PERMANENTLY<br/>RESTRICTED</u> | <u>TOTALS</u>    |
|----------------------------------------|---------------------|-----------------------------------|-----------------------------------|------------------|
| <b>REVENUES AND OTHER SUPPORT:</b>     |                     |                                   |                                   |                  |
| Symposium                              | \$ 400,674          | \$ -                              | \$ -                              | \$ 400,674       |
| Project revenue                        | 198,908             | -                                 | -                                 | 198,908          |
| Membership dues                        | 43,995              | -                                 | -                                 | 43,995           |
| Subscriptions                          | 390                 | -                                 | -                                 | 390              |
| Advertising                            | 22,585              | -                                 | -                                 | 22,585           |
| Online Store                           | 7,292               | -                                 | -                                 | 7,292            |
| Contributions                          | 7,699               | -                                 | -                                 | 7,699            |
| Interest                               | 6                   | -                                 | -                                 | 6                |
| Other Income                           | -                   | -                                 | -                                 | -                |
| Total Revenues and other support       | <u>681,549</u>      | <u>-</u>                          | <u>-</u>                          | <u>681,549</u>   |
| <b>EXPENSES:</b>                       |                     |                                   |                                   |                  |
| Payroll expenses                       | 200,453             | -                                 | -                                 | 200,453          |
| Program expenses:                      |                     |                                   |                                   |                  |
| Symposium                              | 336,832             | -                                 | -                                 | 336,832          |
| Projects                               | 64,794              | -                                 | -                                 | 64,794           |
| Newsletter                             | -                   | -                                 | -                                 | -                |
| Online store                           | 5,591               | -                                 | -                                 | 5,591            |
| General and administrative             | 53,940              | -                                 | -                                 | 53,940           |
| Total expenses                         | <u>661,610</u>      | <u>-</u>                          | <u>-</u>                          | <u>661,610</u>   |
| Increase (Decrease) in net assets      | 19,939              | -                                 | -                                 | 19,939           |
| Net assets released from restrictions: |                     |                                   |                                   |                  |
| Satisfaction of program restrictions   | <u>-</u>            | <u>-</u>                          | <u>-</u>                          | <u>-</u>         |
| CHANGE IN NET ASSETS                   | 19,939              | -                                 | -                                 | 19,939           |
| NET ASSETS, BEGINNING OF YEAR          | <u>65,544</u>       | <u>-</u>                          | <u>-</u>                          | <u>65,544</u>    |
| NET ASSETS, END OF YEAR                | <u>\$ 85,483</u>    | <u>\$ -</u>                       | <u>\$ -</u>                       | <u>\$ 85,483</u> |



**AMERICAN TRAILS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|                                                                                                   |              |
|---------------------------------------------------------------------------------------------------|--------------|
| Change in net assets                                                                              | \$ 19,939    |
| Adjustments to reconcile changes in<br>net assets to net cash provided by<br>operating activities |              |
| Depreciation                                                                                      | 1,320        |
| (Increase) Decrease in:                                                                           |              |
| Accounts receivable net of allowance for doubtful accounts                                        | (15,602)     |
| Inventory                                                                                         | (256)        |
| Other assets                                                                                      | 167          |
| Increase (Decrease) in:                                                                           |              |
| Accounts payable                                                                                  | 1,000        |
| Credit cards                                                                                      | (74)         |
| Accrued wages and related expenses                                                                | (3,657)      |
| Accrued vacation expense                                                                          | 219          |
| Net cash provided (used) by operating activities                                                  | <u>3,056</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

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

**CASH FLOWS FROM FINANCING ACTIVITIES**

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

|                                      |                  |
|--------------------------------------|------------------|
| NET INCREASE (DECREASE) IN CASH      | 3,056            |
| CASH AND CASH EQUIVALENTS, BEGINNING | <u>49,631</u>    |
| CASH AND CASH EQUIVALENTS, ENDING    | <u>\$ 52,687</u> |

|                                                  |              |
|--------------------------------------------------|--------------|
| Interest paid during the period ended 12/31/2015 | <u>\$ 67</u> |
|--------------------------------------------------|--------------|

**AMERICAN TRAILS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 1 REPORTING ENTITY**

**NATURE OF OPERATIONS**

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

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

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

**BASIS OF PRESENTATION**

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

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

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

(Continued on following page)



**AMERICAN TRAILS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The Organization does not have any temporary or permanently restricted net assets at December 31, 2015.

**REVENUE RECOGNITION**

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

The Organization would report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to the statement of activities as net assets released from restrictions.

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

**VOLUNTEERS**

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

(Continued on following page)



**AMERICAN TRAILS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ALLOWANCE FOR DOUBTFUL ACCOUNTS**

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

**FURNITURE AND EQUIPMENT**

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

**INCOME TAXES**

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

**FUNCTIONAL ALLOCATION OF EXPENSES**

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

**CASH AND CASH EQUIVALENTS**

The Organization considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Carrying balances of cash accounts at December 31, 2015 equaled \$52,687.

**INVENTORY**

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

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**AMERICAN TRAILS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015**

**NOTE 3      CONCENTRATION OF CREDIT RISK**

The Organization's financial instruments that are potentially exposed to concentration of credit consist primarily of cash and cash equivalents. The Organization places its cash with high credit quality institutions. At times, such cash may be in excess of FDIC insurance limits; however, the Organization believes that the credit risk is nominal. At December 31, 2015, there was no balance in excess of the FDIC insurance limit.

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

**NOTE 4      USE OF ESTIMATES**

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

**NOTE 5      SUBSEQUENT EVENTS**

Management has evaluated events subsequent to December 31, 2015 through April 27, 2017, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**NOTE 6      FURNITURE AND EQUIPMENT**

Furniture and equipment at December 31, 2015, is summarized as follows:

|                               |                   |
|-------------------------------|-------------------|
| Furniture and equipment       | \$ 19,846         |
| Less accumulated depreciation | ( <u>17,091</u> ) |
| Furniture and equipment, net  | \$ <u>2,755</u>   |

Depreciation expense for the fiscal year ended December 31, 2015, was \$1,320.

**American Trails**  
**Schedule of Functional Expenses**  
For the year ended December 31, 2015

|                                 | American Trails Magazine | Fundraising      | General Operating   | KMS RTP Database Project | Online Store    |
|---------------------------------|--------------------------|------------------|---------------------|--------------------------|-----------------|
| <b>Income</b>                   |                          |                  |                     |                          |                 |
| Advertising - AT Web            | \$ -                     | \$ 4,275         | \$ -                | \$ -                     | \$ -            |
| Advertising- Am Trails Magazine | -                        | 13,187           | -                   | -                        | -               |
| Advertising- Business Directory | -                        | 5,123            | -                   | -                        | -               |
| Donations                       | -                        | 7,699            | -                   | -                        | -               |
| Interest Income                 | -                        | -                | 6                   | -                        | -               |
| Membership Dues                 | -                        | 43,995           | -                   | -                        | -               |
| Project Income                  | -                        | -                | -                   | 33,347                   | -               |
| Store                           | -                        | -                | -                   | -                        | 7,292           |
| Subscriptions                   | -                        | 390              | -                   | -                        | -               |
| Symposium Income                | -                        | -                | -                   | -                        | -               |
| <b>Total Income</b>             | <u>-</u>                 | <u>74,669</u>    | <u>6</u>            | <u>33,347</u>            | <u>7,292</u>    |
| <b>Gross Profit</b>             | <u>-</u>                 | <u>74,669</u>    | <u>6</u>            | <u>33,347</u>            | <u>7,292</u>    |
| <b>Expenses</b>                 |                          |                  |                     |                          |                 |
| Advertising & Promotion         | -                        | 513              | 210                 | -                        | -               |
| Banking and Merchant Processing | -                        | 457              | 2,544               | 1,001                    | 4               |
| Board Expense                   | -                        | -                | 856                 | -                        | -               |
| Communications                  | -                        | 119              | 664                 | 261                      | -               |
| Computer                        | -                        | 378              | 2,116               | 831                      | -               |
| Depreciation                    | -                        | -                | 1,321               | -                        | -               |
| Discretionary                   | -                        | -                | 429                 | -                        | -               |
| Dues and Subscriptions          | -                        | -                | 1,075               | -                        | -               |
| Equipment                       | -                        | -                | 53                  | -                        | -               |
| Exhibiting                      | -                        | -                | 255                 | -                        | -               |
| Finance Charge                  | -                        | -                | 186                 | -                        | -               |
| Furniture                       | -                        | -                | 116                 | -                        | -               |
| Insurance                       | -                        | 204              | 1,144               | 449                      | -               |
| Magazine and Newsletters        | -                        | 750              | 2,900               | -                        | -               |
| Membership Development & Campgn | -                        | 942              | -                   | -                        | -               |
| Office                          | -                        | 2,820            | 9,853               | 2,551                    | -               |
| Payroll Expense                 | -                        | 16,304           | 74,420              | 11,424                   | -               |
| Postage and Shipping            | -                        | 180              | 2,901               | -                        | -               |
| Printing and Reproduction       | -                        | 477              | 903                 | -                        | -               |
| Professional Services           | -                        | 173              | 967                 | 380                      | -               |
| Project Expense                 | -                        | -                | -                   | 9,550                    | -               |
| Reporting Fees                  | -                        | -                | 25                  | -                        | -               |
| Store - Expense                 | -                        | -                | -                   | -                        | 5,597           |
| Symposium Expense - General     | -                        | -                | -                   | -                        | -               |
| Taxes                           | -                        | -                | 34                  | -                        | (9)             |
| Telephone                       | -                        | 842              | 316                 | 124                      | -               |
| Training                        | -                        | 230              | 375                 | -                        | -               |
| Travel                          | -                        | -                | 761                 | -                        | -               |
| Website Development             | -                        | 80               | 450                 | 177                      | -               |
| <b>Total Expenses</b>           | <u>-</u>                 | <u>24,469</u>    | <u>104,874</u>      | <u>26,748</u>            | <u>5,592</u>    |
| <b>Net Operating Income</b>     | <u>-</u>                 | <u>50,200</u>    | <u>(104,868)</u>    | <u>6,599</u>             | <u>1,700</u>    |
| <b>Net Income</b>               | <u>\$ -</u>              | <u>\$ 50,200</u> | <u>\$ (104,868)</u> | <u>\$ 6,599</u>          | <u>\$ 1,700</u> |



**American Trails**  
**Schedule of Functional Expenses**  
For the year ended December 31, 2015

|                                 | Total Projects   | Total<br>Symposium | TOTAL            |
|---------------------------------|------------------|--------------------|------------------|
| <b>Income</b>                   |                  |                    |                  |
| Advertising - AT Web            | \$ -             | \$ -               | \$ 4,275         |
| Advertising- Am Trails Magazine | -                | -                  | 13,187           |
| Advertising- Business Directory | -                | -                  | 5,123            |
| Donations                       | -                | -                  | 7,699            |
| Interest Income                 | -                | -                  | 6                |
| Membership Dues                 | -                | -                  | 43,995           |
| Project Income                  | 165,560          | -                  | 198,907          |
| Store                           | -                | -                  | 7,292            |
| Subscriptions                   | -                | -                  | 390              |
| Symposium Income                | -                | 400,674            | 400,674          |
| <b>Total Income</b>             | <b>165,560</b>   | <b>400,674</b>     | <b>681,548</b>   |
| <b>Gross Profit</b>             | <b>165,560</b>   | <b>400,674</b>     | <b>681,548</b>   |
| <b>Expenses</b>                 |                  |                    |                  |
| Advertising & Promotion         | -                | -                  | 723              |
| Banking and Merchant Processing | 3,913            | 16,191             | 24,110           |
| Board Expense                   | -                | -                  | 856              |
| Communications                  | 1,020            | 308                | 2,372            |
| Computer                        | 3,250            | 1,212              | 7,787            |
| Depreciation                    | -                | -                  | 1,321            |
| Discretionary                   | -                | 1,000              | 1,429            |
| Dues and Subscriptions          | -                | -                  | 1,075            |
| Equipment                       | -                | -                  | 53               |
| Exhibiting                      | 45               | 275                | 575              |
| Finance Charge                  | -                | -                  | 186              |
| Furniture                       | -                | -                  | 116              |
| Insurance                       | 1,757            | 531                | 4,085            |
| Magazine and Newsletters        | 3,250            | 1,000              | 7,900            |
| Membership Development & Campgn | -                | -                  | 942              |
| Office                          | 10,200           | 3,014              | 28,438           |
| Payroll Expense                 | 39,820           | 58,484             | 200,452          |
| Postage and Shipping            | 517              | -                  | 3,598            |
| Printing and Reproduction       | 2,508            | 102                | 3,990            |
| Professional Services           | 1,486            | 449                | 3,455            |
| Project Expense                 | 33,262           | -                  | 42,812           |
| Reporting Fees                  | -                | -                  | 25               |
| Store - Expense                 | -                | -                  | 5,597            |
| Symposium Expense - General     | -                | 312,393            | 312,393          |
| Taxes                           | -                | -                  | 25               |
| Telephone                       | 1,267            | 146                | 2,695            |
| Training                        | 230              | -                  | 835              |
| Travel                          | 1,000            | -                  | 1,761            |
| Website Development             | 1,090            | 209                | 2,006            |
| <b>Total Expenses</b>           | <b>104,615</b>   | <b>395,314</b>     | <b>661,612</b>   |
| <b>Net Operating Income</b>     | <b>60,945</b>    | <b>5,359</b>       | <b>19,935</b>    |
| <b>Net Income</b>               | <b>\$ 60,945</b> | <b>\$ 5,359</b>    | <b>\$ 19,935</b> |