

**AMERICAN TRAILS**  
**REVIEWED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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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, 2016, 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, 2016**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$	111,083
Accounts receivable		29,726
Inventory		6,283
Other current assets		<u>6</u>
<b>Total current assets</b>		<u>147,098</u>

**LAND, BUILDINGS AND EQUIPMENT:**

Furniture and Equipment		19,846
Less accumulated depreciation		<u>(18,412)</u>
<b>Total land, buildings and equipment</b>		<u>1,434</u>
<b>Total assets</b>	\$	<u>148,532</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable	\$	1,000
Credit cards		692
Accrued wages and related expenses		4,640
Accrued vacation expense		<u>2,024</u>
<b>Total current liabilities</b>		<u>8,356</u>

**NET ASSETS:**

Unrestricted net assets		140,176
Temporarily restricted net assets		-
Permanently restricted net assets		<u>-</u>
<b>Total net assets</b>		<u>140,176</u>
<b>Total liabilities and net assets</b>	\$	<u>148,532</u>

**AMERICAN TRAILS**  
**STATEMENT OF ACTIVITY**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTALS</u>
<b>REVENUES AND OTHER SUPPORT:</b>				
Symposium	\$ 103,875	\$ -	\$ -	\$ 103,875
Project revenue	238,282	-	-	238,282
Membership dues	29,396	-	-	29,396
Subscriptions	120	-	-	120
Advertising	26,944	-	-	26,944
Online Store	2,378	-	-	2,378
Contributions	9,592	-	-	9,592
Interest	9	-	-	9
Other Income	-	-	-	-
Total Revenues and other support	<u>410,596</u>	<u>-</u>	<u>-</u>	<u>410,596</u>
<b>EXPENSES:</b>				
Payroll expenses	189,197	-	-	189,197
Other program expenses:				
Symposium	10,550	-	-	10,550
Projects	57,110	-	-	57,110
Newsletter	18,933	-	-	18,933
Online store	421	-	-	421
General and administrative	<u>79,692</u>	<u>-</u>	<u>-</u>	<u>79,692</u>
Total expenses	<u>355,903</u>	<u>-</u>	<u>-</u>	<u>355,903</u>
Increase (Decrease) in net assets	54,693	-	-	54,693
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	54,693	-	-	54,693
NET ASSETS, BEGINNING OF YEAR	<u>85,483</u>	<u>-</u>	<u>-</u>	<u>85,483</u>
NET ASSETS, END OF YEAR	<u>\$ 140,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,176</u>



**AMERICAN TRAILS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 54,693
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation	1,321
(Increase) Decrease in:	
Accounts receivable net of allowance for doubtful accounts	(1,337)
Inventory	(560)
Other assets	-
Increase (Decrease) in:	
Accounts payable	-
Credit cards	(142)
Accrued wages and related expenses	4,640
Accrued vacation expense	(219)
Net cash provided (used) by operating activities	<u>58,396</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

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

**CASH FLOWS FROM FINANCING ACTIVITIES**

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

NET INCREASE (DECREASE) IN CASH 58,396

CASH AND CASH EQUIVALENTS, BEGINNING 52,687

CASH AND CASH EQUIVALENTS, ENDING \$ 111,083

Interest paid during the period ended 12/31/2016 \$ 67

**AMERICAN TRAILS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**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, 2016**

**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, 2016.

**REVENUE RECOGNITION**

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

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

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

**VOLUNTEERS**

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

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**AMERICAN TRAILS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**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, 2016 equaled \$31,138.

**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, 2016**

**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, 2016, 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, 2016 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	(18,412)
Furniture and equipment, net	<u>\$ 1,434</u>

Depreciation expense for the fiscal year ended December 31, 2016, was \$1,321.

**American Trails**  
**Schedule of Functional Expenses**  
For the year ended December 31, 2016

	American Trails Magazine	Emerging Leaders Program	Fundraising	General Operating	KMS RTP Database Project
<b>Income</b>					
Advertising - AT Web	\$ -	\$ -	\$ -	\$ 345	\$ -
Advertising- Am Trails Magazine	900	-	900	19,172	-
Advertising- Business Directory	-	-	-	4,777	-
Donations	-	2,676	3,724	3,192	-
Interest Income	-	-	-	9	-
Membership Dues	-	-	7,312	22,084	-
Project Income	-	-	135	12,935	27,433
Store	-	-	-	1,564	-
Subscriptions	-	-	30	90	-
Symposium Income	-	10,500	-	3,075	-
<b>Total Income</b>	<b>900</b>	<b>13,176</b>	<b>12,101</b>	<b>67,243</b>	<b>27,433</b>
<b>Gross Profit</b>	<b>900</b>	<b>13,176</b>	<b>12,101</b>	<b>67,243</b>	<b>27,433</b>
<b>Expenses</b>					
Banking and Merchant Processing	-	4	262	1,382	604
Board Expense	-	-	-	534	-
Communications	-	-	132	737	316
Computer	-	-	350	1,046	551
Contractor-Pam Gluck	-	-	-	450	-
Depreciation	-	-	-	1,320	-
Discretionary	-	-	40	624	-
Dues and Subscriptions	-	-	150	1,622	-
Exhibiting	-	-	-	10	-
Furniture	-	-	-	120	-
Insurance	-	-	182	1,020	437
Magazine and Newsletters	16,283	-	250	-	-
Office	-	-	1,917	10,034	3,216
Payroll Expense	-	-	12,181	89,083	18,197
Postage and Shipping	-	-	439	1,186	-
Printing and Reproduction	-	-	1,401	2,064	-
Professional Services	-	-	154	13,451	371
Project Expense	2,000	-	575	1,572	4,815
Reporting Fees	-	-	-	110	-
Store - Expense	-	-	-	-	-
Symposium Expense - General	-	-	-	590	-
Taxes	-	-	-	60	-
Telephone	-	-	740	(692)	249
Training	-	-	-	199	-
Travel	-	-	-	681	-
Website Development	-	-	31	24	75
<b>Total Expenses</b>	<b>18,283</b>	<b>4</b>	<b>18,804</b>	<b>127,227</b>	<b>28,831</b>
<b>Net Operating Income</b>	<b>(17,383)</b>	<b>13,172</b>	<b>(6,703)</b>	<b>(59,984)</b>	<b>(1,398)</b>
<b>Net Income</b>	<b>\$ (17,383)</b>	<b>\$ 13,172</b>	<b>\$ (6,703)</b>	<b>\$ (59,984)</b>	<b>\$ (1,398)</b>



**American Trails**  
**Schedule of Functional Expenses**  
For the year ended December 31, 2016

	Online Store	Total Projects	Total Symposium	TOTAL
<b>Income</b>				
Advertising - AT Web	\$ -	\$ -	\$ -	\$ 345
Advertising- Am Trails Magazine	-	850	-	21,822
Advertising- Business Directory	-	-	-	4,777
Donations	-	-	-	9,592
Interest Income	-	-	-	9
Membership Dues	-	-	-	29,396
Project Income	-	197,778	-	238,281
Store	814	-	-	2,378
Subscriptions	-	-	-	120
Symposium Income	-	-	90,300	103,875
<b>Total Income</b>	<b>814</b>	<b>198,628</b>	<b>90,300</b>	<b>410,595</b>
<b>Gross Profit</b>	<b>814</b>	<b>198,628</b>	<b>90,300</b>	<b>410,595</b>
<b>Expenses</b>				
Banking and Merchant Processing	9	1,920	856	5,037
Board Expense	-	-	958	1,492
Communications	-	1,001	448	2,634
Computer	-	1,864	781	4,592
Contractor-Pam Gluck	-	-	-	450
Depreciation	-	-	-	1,320
Discretionary	-	-	-	664
Dues and Subscriptions	-	-	-	1,772
Exhibiting	-	-	-	10
Furniture	-	-	-	120
Insurance	-	1,383	619	3,641
Magazine and Newsletters	-	2,150	250	18,933
Office	-	10,664	4,478	30,309
Payroll Expense	-	37,807	31,929	189,197
Postage and Shipping	292	524	13	2,454
Printing and Reproduction	-	2,225	-	5,690
Professional Services	-	1,173	525	15,674
Project Expense	-	47,063	1,085	57,110
Reporting Fees	-	-	-	110
Store - Expense	421	-	-	421
Symposium Expense - General	-	-	9,960	10,550
Taxes	(3)	-	-	57
Telephone	-	1,424	353	2,074
Training	-	-	-	199
Travel	-	90	-	771
Website Development	-	386	106	622
<b>Total Expenses</b>	<b>719</b>	<b>109,674</b>	<b>52,361</b>	<b>355,903</b>
<b>Net Operating Income</b>	<b>95</b>	<b>88,954</b>	<b>37,939</b>	<b>54,692</b>
<b>Net Income</b>	<b>\$ 95</b>	<b>\$ 88,954</b>	<b>\$ 37,939</b>	<b>\$ 54,692</b>