

WASHINGTON TRAILS ASSOCIATION

Financial Statements
December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Washington Trails Association
Seattle, Washington

We have audited the accompanying financial statements of Washington Trails Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington Trails Association as of December 31, 2020, 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.

Prior Period Financial Statements

The financial statements of Washington Trails Association as of December 31, 2019, were audited by other auditors whose report dated July 2, 2020, expressed an unmodified opinion on those statements.

Greenwood Ohlund

Seattle, Washington
July 14, 2021

WASHINGTON TRAILS ASSOCIATION

STATEMENTS OF FINANCIAL POSITION December 31, 2020 and 2019

ASSETS	2020	2019
Current Assets		
Cash and cash equivalents	\$ 894,766	\$ 801,335
Investments	4,383,651	2,600,505
Accounts receivable	223,036	90,985
Contributions receivable	54,351	273,500
Prepaid expenses	67,379	115,842
Total current assets	5,623,183	3,882,167
Beneficial Interests in Assets Held by The Seattle Foundation	3,785,216	3,394,906
Property and Equipment, net	123,657	241,290
Security Deposits	13,190	11,650
Total assets	<u>\$ 9,545,246</u>	<u>\$ 7,530,013</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 123,335	163,044
Accrued payroll and related liabilities	303,892	223,842
Total current liabilities	427,227	386,886
Deferred Tenant Improvements Allowance	52,787	67,183
Total liabilities	480,014	454,069
Net Assets		
Without donor restrictions	5,199,491	3,313,727
With donor restrictions	3,865,741	3,762,217
Total net assets	9,065,232	7,075,944
Total liabilities and net assets	<u>\$ 9,545,246</u>	<u>\$ 7,530,013</u>

See accompanying notes to financial statements.

WASHINGTON TRAILS ASSOCIATION

STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Contributions	\$ 3,787,805	\$ 261,800	\$ 4,049,605	\$ 3,194,843	\$ 463,525	\$ 3,658,368
Bequests	945,204	-	945,204	67,405	-	67,405
Government grants	185,119	-	185,119	229,375	-	229,375
Government grants - Paycheck Protection Program loan forgiveness	712,252	-	712,252	-	-	-
Trail maintenance contracts and trip fees	597,079	-	597,079	542,409	-	542,409
Investment income	297,315	116,804	414,119	427,851	106,543	534,394
Change in value of beneficial interests in assets	6,228	248,782	255,010	8,876	377,358	386,234
Other income	15,933	-	15,933	105,901	-	105,901
Net assets released from restrictions	523,862	(523,862)	-	593,113	(593,113)	-
Total public support and revenue	7,070,797	103,524	7,174,321	5,169,773	354,313	5,524,086
Expenses						
Programs	3,867,952	-	3,867,952	4,542,764	-	4,542,764
General and administrative	657,027	-	657,027	328,136	-	328,136
Fundraising	660,054	-	660,054	869,567	-	869,567
Total expenses	5,185,033	-	5,185,033	5,740,467	-	5,740,467
Change in net assets	1,885,764	103,524	1,989,288	(570,694)	354,313	(216,381)
Net Assets, beginning of year	3,313,727	3,762,217	7,075,944	3,884,421	3,407,904	7,292,325
Net Assets, end of year	<u>\$ 5,199,491</u>	<u>\$ 3,865,741</u>	<u>\$ 9,065,232</u>	<u>\$ 3,313,727</u>	<u>\$ 3,762,217</u>	<u>\$ 7,075,944</u>

See accompanying notes to financial statements.

WASHINGTON TRAILS ASSOCIATION

STATEMENTS OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2020

	Program Expenses				Total Programs	General and Administrative	Fundraising	Total
	Communications	Advocacy	Trail Maintenance	Community & Leadership Development				
Personnel expenses	\$ 1,019,301	\$ 323,663	\$ 1,208,075	\$ 418,768	\$ 2,969,807	\$ 509,705	\$ 382,217	\$ 3,861,729
Office support and occupancy	93,838	26,629	177,746	49,419	347,632	44,124	36,681	428,437
Information technology	109,744	12,405	64,256	4,578	190,983	9,312	32,216	232,511
Professional fees	7,029	30,750	4,066	-	41,845	84,850	10,410	137,105
Printing and publications	59,590	-	29	-	59,619	-	59,929	119,548
Depreciation and amortization	3,827	1,101	101,546	8,374	114,848	1,515	1,269	117,632
Bank and other fees	81	67	1,865	2,297	4,310	5,985	97,893	108,188
Volunteer appreciation	423	59	20,352	4,020	24,854	-	23,139	47,993
Trail work supplies	-	-	29,274	15,803	45,077	-	-	45,077
Travel	1,584	2,708	30,224	2,094	36,610	85	653	37,348
Insurance	4,990	1,055	17,780	2,538	26,363	1,451	1,216	29,030
Promotion and advertising	4,576	607	821	-	6,004	-	14,431	20,435
	<u>\$ 1,304,983</u>	<u>\$ 399,044</u>	<u>\$ 1,656,034</u>	<u>\$ 507,891</u>	<u>\$ 3,867,952</u>	<u>\$ 657,027</u>	<u>\$ 660,054</u>	<u>\$ 5,185,033</u>

See accompanying notes to financial statements.

WASHINGTON TRAILS ASSOCIATION

STATEMENTS OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2019

	Program Expenses				Total Programs	General and Administrative	Fundraising	Total
	Communications	Advocacy	Trail Maintenance	Community & Leadership Development				
Personnel expenses	\$ 860,499	\$ 389,596	\$ 1,500,331	\$ 533,200	\$ 3,283,626	\$ 192,854	\$ 536,281	\$ 4,012,761
Office support and occupancy	88,869	41,328	170,110	62,587	362,894	27,628	48,648	439,170
Information technology	146,743	15,264	69,432	14,574	246,013	11,530	42,286	299,829
Professional fees	15,740	41,910	64,202	6,945	128,797	88,415	73,712	290,924
Printing and publications	107,941	66	531	1,096	109,634	161	57,650	167,445
Depreciation and amortization	3,548	1,387	104,021	8,928	117,884	316	2,000	120,200
Bank and other fees	458	211	3,723	2,955	7,347	-	66,161	73,508
Volunteer appreciation	1,576	2,184	31,421	8,632	43,813	3,960	21,222	68,995
Trail work supplies	-	-	88,616	27,105	115,721	-	-	115,721
Travel	4,920	10,013	60,729	17,367	93,029	1,925	2,299	97,253
Insurance	4,567	1,446	14,760	2,775	23,548	556	1,777	25,881
Promotion and advertising	8,761	717	430	550	10,458	791	17,531	28,780
	\$ 1,243,622	\$ 504,122	\$ 2,108,306	\$ 686,714	\$ 4,542,764	\$ 328,136	\$ 869,567	\$ 5,740,467

See accompanying notes to financial statements.

WASHINGTON TRAILS ASSOCIATION

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 1,989,288	\$ (216,381)
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Depreciation and amortization	117,633	120,200
Realized and unrealized gain on investments	(297,315)	(363,105)
Contributions restricted for investment in beneficial interests in assets held by The Seattle Foundation	(135,300)	(161,608)
Change in value of beneficial interests in assets held by The Seattle Foundation	(255,010)	(386,234)
Changes in operating assets and liabilities:		
Accounts receivable	(132,051)	67,345
Contributions receivable	219,149	263,827
Prepaid expenses	48,463	(11,074)
Security deposit	(1,540)	-
Accounts payable	(39,709)	95,689
Accrued payroll and related liabilities	80,050	23,905
Deferred tenant improvements allowance	(14,396)	(14,396)
	1,579,262	(581,832)
Net cash flows from operating activities		
Cash Flows from Investing Activities		
Purchases of investments	(1,635,831)	(277,480)
Sales of investments	150,000	564,888
Contributions invested in beneficial interests in assets held by The Seattle Foundation	(135,300)	(161,608)
Purchases of property and equipment	-	(27,406)
	(1,621,131)	98,394
Net cash flows from investing activities		
Cash Flows from Financing Activity		
Contributions received restricted for investment in beneficial interests in assets held by The Seattle Foundation	135,300	161,608
	93,431	(321,830)
Net change in cash and cash equivalents		
Cash and Cash Equivalents, beginning of the year	801,335	1,123,165
Cash and Cash Equivalents, end of the year	\$ 894,766	\$ 801,335

See accompanying notes to financial statements.

WASHINGTON TRAILS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

Washington Trails Association (the Organization) is a Washington State nonprofit corporation. The Organization is to mobilize hikers and everyone who loves the outdoors to explore, steward, and champion trails and public lands so that there are trails for everyone, forever. The Organization advances its mission and vision through four strategic campaigns: Lost Trails Found, Trails Rebooted, The Trail Next Door, and Trails for Everyone. These campaigns bring together the Organization’s community and programs to solve the biggest challenges facing Washington’s trails and hikers. Significant programs include:

- Advocacy - Building strong coalitions and advocating for innovative policies that advance trail system priorities.
- Communications - Providing trusted hiking information and building a hiking community that actively gives back to the trails they love.
- Community & Leadership Development - Investing in future outdoor leaders, community partners and equitable opportunities for people to discover nature.
- Trail Maintenance - Building and maintaining Washington’s trails through community engagement and strong public land agency partnerships.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Financial Statement Presentation

The Organization reports information regarding its financial position according to two classes of net assets: without donor restrictions and with donor restrictions.

Support and revenue received are recorded depending on the existence and/or nature of any donor restrictions.

Net Assets with and without Donor Restriction

Net assets without donor restrictions are available for support of the Organization’s operations. The Organization’s board has designated certain net assets without donor restrictions held in investments as the Impact Fund, and also a beneficial interest in assets held by The Seattle Foundation (a quasi-endowment fund, see Note 3) to support priority programs and activities. Board-designated net assets consist of the following at December 31:

	2020	2019
The Impact Fund	\$ 2,041,375	\$ 1,971,077
The Washington Trails Endowment Fund	64,513	60,363
	<u>\$ 2,105,888</u>	<u>\$ 2,031,440</u>

WASHINGTON TRAILS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Net assets with donor restrictions are restricted by the donor to be used for certain purposes or future periods. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction is met in the year in which the support is initially recognized. Net assets with donor restrictions also represent gifts given with the intent that the principal will be maintained intact into perpetuity and the income may be used for current operations. Net assets with perpetual restrictions consist entirely of a beneficial interest in a perpetual trust held by The Seattle Foundation at December 31, 2020 and 2019. Changes in the fair value of the beneficial interest in a perpetual trust increase or decrease net assets with donor restrictions. Distributions from the perpetual trust are recognized as investment income restricted for youth programs.

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
Net assets with purpose or time restrictions		
Time-restricted	\$ 108,500	\$ 126,000
Tacoma gear library	21,538	24,000
Trail maintenance	15,000	202,674
Youth programs	-	75,000
Beneficial interest in assets held by		
The Seattle Foundation:		
Greg Ball Trail Fund - trail maintenance	1,212,753	1,132,752
Stusser Fund - communications program	<u>186,038</u>	<u>176,056</u>
	1,543,829	1,736,482
Net assets with perpetual restrictions		
Beneficial interest in assets held by		
The Seattle Foundation:		
Youth Endowment Fund	<u>2,321,912</u>	<u>2,025,735</u>
	<u>\$ 3,865,741</u>	<u>\$ 3,762,217</u>

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable market inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

WASHINGTON TRAILS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Cash and Cash Equivalents

Cash and cash equivalents include cash held at a bank. The Organization considers all short-term securities with an original maturity of three months or less to be cash equivalents (except for money market funds held as investments). The Organization occasionally maintains cash balances in excess of federally insured limits. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant risk.

Investments

Investments are reported at their fair value using quoted prices in an active market (Level 1 inputs such as quoted prices on national exchanges) in the statements of financial position and consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 1,837,869	\$ 161,984
Short-term bond mutual fund	504,047	467,444
Balanced equity fund	<u>2,041,735</u>	<u>1,971,077</u>
	<u>\$ 4,383,651</u>	<u>\$ 2,600,505</u>

Investment income consists of the following for the years ending December 31:

	<u>2020</u>	<u>2019</u>
Interest and dividends, net of fees	\$ 67,879	\$ 64,746
Realized and unrealized gains	229,436	363,105
Distributions received from beneficial interest in assets held by The Seattle Foundation	<u>116,804</u>	<u>106,543</u>
	<u>\$ 414,119</u>	<u>\$ 534,394</u>

Receivables

Accounts receivable are related to work performed for federal and state agencies under trail maintenance contracts. The Organization uses the allowance method of accounting for bad debts. Accordingly, accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. The amounts are deemed to be fully collectible by management; thus, there is no allowance for doubtful accounts.

Contributions receivable expected to be collected in one year are recorded at net realizable value. The Organization assesses the need for an allowance on its contributions receivable in the same manner as its accounts receivable. Management determined that an allowance and discount were not necessary as of December 31, 2020 or 2019.

There were no concentrations of contributions receivable from any individual donor at December 31, 2020. Two contributions represented 87% of contributions receivable at December 31, 2019.

WASHINGTON TRAILS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Property and Equipment

The Organization capitalizes expenditures for equipment, furniture, and software at cost or, if donated, at the estimated fair value at the time of receipt. The Organization capitalizes property and equipment purchases with a cost greater than \$5,000 and a useful life in excess of one year. Depreciation and amortization of office equipment, software, and vehicles is computed using the straight-line method over five years, representing the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful lives of the assets or the original lease term, resulting in an amortization period of six years (the original lease term).

Deferred Tenant Improvements Allowance

Upon execution of the Organization's extended and expanded lease for office space in 2018 (see Note 5), the Organization received tenant improvement allowances of \$86,378. The value of these improvements is recognized as leasehold improvements, and a corresponding deferred tenant improvements allowance liability is recorded. The asset is amortized over the life of the lease to amortization expense, and the liability is amortized over the life of the lease as a reduction of rent expense.

Revenue Recognition

Contributions are recorded when unconditionally pledged as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give, that is, those with a measurable performance or barrier and a right of return, are not recognized until the conditions on which they depend have been met. At December 31, 2020, the Organization had \$264,881 of conditional awards outstanding for the purpose of trail maintenance.

The Organization records bequests as revenue when the Organization is notified by the executor as to the amount to be received and the estate has cleared probate. During the year ended December 31, 2020, one bequest was received that made up 11% of total public support and revenue. There were no concentrations of bequest gifts made during the year ended December 31, 2019.

Revenue from government grants is recorded when the condition is met. Revenue from government agencies is subject to audit, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can be first reasonably determined, normally upon notification by the government agency. During the years ended December 31, 2020 and 2019, no such adjustments were made. During the year ended December 31, 2020, the Organization received a Paycheck Protection Program loan from the Small Business Administration of \$712,252. This loan included forgivable conditions which were met during the year ended December 31, 2020 and, therefore, the loan amount was recognized to government grant revenue.

The Organization recognizes revenue from trail maintenance contracts over time based on contracted prices as the maintenance event or hours served are provided to the customer. Trail maintenance events are generally contracted for periods of one day or less (although the contracts generally allow a maximum number of events to occur over a certain time period). There are no significant judgments affecting the determination of amount and timing of trail maintenance contract revenue. Payment terms are generally 30 days from the date the services are invoiced to the customer.

WASHINGTON TRAILS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Volunteer Support

The Organization receives a significant amount of contributed time that does not meet revenue recognition criteria under general accepted accounting standards in the United States of America. Approximately 67,000 and 155,000 volunteer hours were contributed to the Organization during the years ended December 31, 2020 and 2019, respectively, the value of which has not been determined and is not reflected in the accompanying financial statements.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Office support and occupancy is allocated based on estimates of space supporting those functions. Personnel expenses, information technology, professional fees, printing and publications, and bank and other fees are allocated based on estimates of time and effort. General and administrative, and fundraising expenses as a percentage of total expenses was higher in 2020 than previous years due to pandemic-related program service cancellations and disruptions.

Promotion and Advertising

The Organization expenses the cost of promotion and advertising as incurred.

Federal Income Taxes

The Organization is exempt from income taxes under 501(c)(3) of the Internal Revenue Code.

Reclassifications

Certain prior year balances have been reclassified in order to conform to the current year presentation.

Subsequent Events

The Organization has evaluated subsequent events through the date these financial statements were available to be issued, which was July 14, 2021.

WASHINGTON TRAILS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

Note 2 – Liquidity and Availability of Resources

The Organization strives to maintain liquid financial assets sufficient to cover at least 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds, short-term bond mutual funds, and balanced equity mutual funds.

Financial assets not available include board-designated funds (the Impact Fund) that are intended to fund special board initiatives or reserves. In the event the need arises to utilize the board designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts available to meet general expenditures within one year have not been reduced by net assets with donor restrictions at December 31, 2020 and 2019, as those restrictions are held for programs that are considered general expenditures.

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 894,766	\$ 801,335
Investments	4,383,651	2,600,505
Accounts receivable	223,036	90,985
Contributions receivable	54,351	273,500
Distributions from beneficial interests expected to be received in the next year	117,000	111,000
	5,672,804	3,877,325
Less: Amounts Not Available to be Used Within One Year		
Board-designated net assets - The Impact Fund	(2,041,375)	(1,971,077)
	<u>\$ 3,631,429</u>	<u>\$ 1,906,248</u>

Note 3 – Beneficial Interests in Assets Held by The Seattle Foundation

The Organization has four beneficial interests in assets (the Beneficial Interests) held by The Seattle Foundation (the Foundation). The Beneficial Interests are stated at the fair value of the underlying investments (cash and marketable securities) as provided by the Foundation, which constitute Level 3 inputs using the market approach. Three of the Beneficial Interests are lead trusts, and the remaining (the Youth Endowment Fund) is a perpetual trust. The Foundation has variance power over the assets, which gives the Foundation the right to modify any restriction or condition regarding distributions from the fund for any charitable purpose or to any organization if, in the sole judgment of the Foundation's Board of Trustees, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable purposes of the Foundation.

The Beneficial Interests are as follows:

1. The Washington Trails Endowment Fund – created by the Organization in 1998 to support general operations or board designated projects. This beneficial interest (a lead trust) and its contributions, change in value, and distributions are classified as without donor restrictions. The timing and amount of the distributions are determined at the sole discretion of the Organization. This fund was established in such a way to permit spending of principal.

WASHINGTON TRAILS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

2. The Greg Ball Trail Fund – created in 2004 through restricted contributions to honor the memory of the trail maintenance program founder. This beneficial interest (a lead trust) and its contributions, change in value, and distributions are restricted to support trail maintenance. The timing and amount of the distributions are determined at the sole discretion of the Organization. This fund was established in such a way to permit spending of principal.

3. The Stusser Fund – created in 2006 through restricted contributions. This beneficial interest (a lead trust) and its contributions, change in value, and distributions are restricted to support the communications program. The timing and amount of the distributions are determined at the sole discretion of the Organization. This fund was established in such a way to permit spending of principal.

4. The Youth Endowment Fund – created in 2008 through restricted contributions. This beneficial interest (a perpetual trust) and its contributions and change in value are perpetually restricted. Distributions are temporarily restricted to support youth programs. The timing and amount of the distributions are determined based on the Foundation’s spending policy.

A reconciliation of the beginning and ending balances of the Beneficial Interests for the year ending December 31, 2020 is as follows:

	Washington Trails Endowment Fund	Greg Ball Trail Fund	Stusser Fund	Youth Endowment Fund	Total
Beginning balance	\$ 60,363	\$ 1,132,752	\$ 176,056	\$ 2,025,735	\$ 3,394,906
Contributions	-	10,051	-	125,250	135,301
Change in value	6,228	115,950	17,639	231,996	371,813
Distributions	(2,078)	(46,000)	(7,657)	(61,069)	(116,804)
	<u>\$ 64,513</u>	<u>\$ 1,212,753</u>	<u>\$ 186,038</u>	<u>\$ 2,321,912</u>	<u>\$ 3,785,216</u>

A reconciliation of the beginning and ending balances of the Beneficial Interests for the year ending December 31, 2019 is as follows:

	Washington Trails Endowment Fund	Greg Ball Trail Fund	Stusser Fund	Youth Endowment Fund	Total
Beginning balance	\$ 51,487	\$ 997,606	\$ 157,040	\$ 1,640,931	\$ 2,847,064
Contributions	-	11,600	-	150,008	161,608
Change in value	8,876	169,546	26,408	287,947	492,777
Distributions	-	(46,000)	(7,392)	(53,151)	(106,543)
	<u>\$ 60,363</u>	<u>\$ 1,132,752</u>	<u>\$ 176,056</u>	<u>\$ 2,025,735</u>	<u>\$ 3,394,906</u>

The change in value of the Beneficial Interests is reported net of distributions on the statements of activities, as distributions are classified as investment income.

WASHINGTON TRAILS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

The Organization's beneficial interests are invested in the Foundation's balanced pool portfolio. The balanced pool reflects a total return approach to investing and is focused on maximizing income while maintaining an efficient and well diversified portfolio for donors with at least a 10-year giving horizon. As the best performing asset class varies from year to year, this diversified portfolio benefits philanthropists by maintaining consistent exposures to all asset categories. Assets will be subject to an optimized amount of capital market volatility in order to achieve targeted long-term return objectives.

Note 4 – Property and Equipment

Property and equipment consist of the following at December 31:

	2020	2019
Office equipment and software	\$ 370,647	\$ 370,647
Vehicles	319,028	319,028
Leasehold improvements	86,378	86,378
	776,053	776,053
Less: accumulated depreciation and amortization	(652,396)	(534,763)
	<u>\$ 123,657</u>	<u>\$ 241,290</u>

Note 5 – Lease Obligation

The Organization leases its office facilities under an operating lease through August 2024. Rent expense (net of amortization of deferred tenant improvement allowances) under this lease amounted to \$292,477 and \$281,289 for the years ended December 31, 2020 and 2019, respectively. Under the terms of the main office lease, the Organization has the option to extend the term for one additional two-year period at a mutually agreed-upon rate determined at the time the option to extend is exercised.

Future minimum payments under these leases, excluding the option to extend, are as follows:

2021	\$ 293,105
2022	300,614
2023	308,123
2024	182,660
	<u>\$ 1,084,502</u>

Note 6 – Retirement Plan

The Organization has a SIMPLE IRA plan (the Plan) covering employees who meet prescribed service requirements. Contributions are made in accordance with the provisions of the plan, which require employer contributions of up to 3% of total compensation. During the years ended December 31, 2020 and 2019, contributions of \$80,400 and \$82,390, respectively, were made to the Plan.