

**WASHINGTON TRAILS ASSOCIATION**

Financial Statements  
December 31, 2024 and 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Washington Trails Association  
Seattle, Washington

### **Opinion**

We have audited the accompanying financial statements of Washington Trails Association (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Washington Trails Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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 Washington Trails Association's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted 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.

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In performing an audit in accordance with generally accepted 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 Washington Trails 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 Washington Trails 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.

*Greenwood Ohlund*

Seattle, Washington  
April 15, 2025

# WASHINGTON TRAILS ASSOCIATION

## STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

ASSETS	2024	2023
Current Assets		
Cash and cash equivalents	\$ 1,671,419	\$ 1,980,335
Investments	4,519,000	4,207,429
Accounts receivable	756,271	743,126
Contributions receivable	497,519	327,512
Prepaid expenses	94,263	98,496
Total current assets	7,538,472	7,356,898
Contributions Receivable, net of current portion	67,826	269,826
Beneficial Interests in Assets Held by The Seattle Foundation	4,611,855	4,376,462
Right-of-Use Asset - Operating Lease	1,842,000	204,477
Property and Equipment, net	349,982	260,958
Security Deposits	16,295	17,704
Total assets	<u>\$ 14,426,430</u>	<u>\$ 12,486,325</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 143,218	\$ 134,682
Accrued payroll and related liabilities	383,571	362,425
Operating lease liability	186,070	209,254
Total current liabilities	712,859	706,361
Operating Lease Liability, less current portion	1,665,248	-
Total liabilities	2,378,107	706,361
Net Assets		
Without donor restrictions	6,838,603	6,777,579
With donor restrictions	5,209,720	5,002,385
Total net assets	12,048,323	11,779,964
Total liabilities and net assets	<u>\$ 14,426,430</u>	<u>\$ 12,486,325</u>

See accompanying notes to financial statements.

# WASHINGTON TRAILS ASSOCIATION

## STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 4,812,573	\$ 391,625	\$ 5,204,198	\$ 5,121,796	\$ 317,255	\$ 5,439,051
Bequests	521,891	37,556	559,447	269,574	383,319	652,893
Trail maintenance contracts	2,207,937	-	2,207,937	1,878,983	-	1,878,983
Investment return	438,685	176,644	615,329	457,264	166,289	623,553
Change in value of beneficial interests in assets	2,429	195,407	197,836	5,286	367,192	372,478
Other income	69,266	-	69,266	63,933	-	63,933
Net assets released from restrictions	593,897	(593,897)	-	551,289	(551,289)	-
Total support and revenue	8,646,678	207,335	8,854,013	8,348,125	682,766	9,030,891
Expenses						
Programs	7,109,928	-	7,109,928	6,641,277	-	6,641,277
General and administrative	818,445	-	818,445	828,504	-	828,504
Fundraising	657,281	-	657,281	724,455	-	724,455
Total expenses	8,585,654	-	8,585,654	8,194,236	-	8,194,236
<b>Change in net assets</b>	<b>61,024</b>	<b>207,335</b>	<b>268,359</b>	<b>153,889</b>	<b>682,766</b>	<b>836,655</b>
Net Assets, beginning of year	6,777,579	5,002,385	11,779,964	6,623,690	4,319,619	10,943,309
Net Assets, end of year	<u>\$ 6,838,603</u>	<u>\$ 5,209,720</u>	<u>\$ 12,048,323</u>	<u>\$ 6,777,579</u>	<u>\$ 5,002,385</u>	<u>\$ 11,779,964</u>

*See accompanying notes to financial statements.*

# WASHINGTON TRAILS ASSOCIATION

## STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2024

	Program Expenses							
	Communications & Outreach	Advocacy	Trail Maintenance	Community & Leadership Development	Total Programs	General and Administrative	Fundraising	Total
Personnel expenses	\$ 1,212,287	\$ 405,815	\$ 3,057,289	\$ 873,758	\$ 5,549,149	\$ 706,810	\$ 380,932	\$ 6,636,891
Information technology	72,124	28,038	211,077	53,099	364,338	33,374	21,207	418,919
Office support and occupancy	53,070	19,028	232,277	69,957	374,332	33,863	19,452	427,647
Trail work supplies	358	79	153,767	86,018	240,222	136	84	240,442
Travel	2,789	9,236	132,733	12,081	156,839	1,038	984	158,861
Printing and publications	73,062	13	27	601	73,703	-	79,557	153,260
Professional fees	28,348	48,205	4,456	558	81,567	36,265	28,247	146,079
Community engagement	3,203	26	67,610	20,328	91,167	52	27,698	118,917
Bank and other fees	227	151	3,632	366	4,376	2,262	86,806	93,444
Depreciation and amortization	1,644	461	78,297	1,252	81,654	790	491	82,935
Insurance	6,512	1,825	50,912	4,957	64,206	3,129	1,946	69,281
Promotion and advertising	14,763	423	7,989	5,200	28,375	726	9,877	38,978
	<u>\$ 1,468,387</u>	<u>\$ 513,300</u>	<u>\$ 4,000,066</u>	<u>\$ 1,128,175</u>	<u>\$ 7,109,928</u>	<u>\$ 818,445</u>	<u>\$ 657,281</u>	<u>\$ 8,585,654</u>

*See accompanying notes to financial statements.*

# WASHINGTON TRAILS ASSOCIATION

## STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2023

	Program Expenses							
	Communications	Advocacy	Trail Maintenance	Community & Leadership Development	Total Programs	General and Administrative	Fundraising	Total
Personnel expenses	\$ 1,155,449	\$ 382,383	\$ 2,846,013	\$ 774,513	\$ 5,158,358	\$ 706,482	\$ 428,662	\$ 6,293,502
Office support and occupancy	60,538	24,530	238,493	77,846	401,407	42,730	20,403	464,540
Information technology	63,696	24,264	183,301	49,967	321,228	30,061	20,605	371,894
Trail work supplies	799	40	187,672	34,953	223,464	61	99	223,624
Professional fees	15,068	45,281	5,291	705	66,345	42,559	50,291	159,195
Printing and publications	72,041	-	19	408	72,468	-	83,074	155,542
Travel	2,148	3,730	122,878	22,246	151,002	1,020	968	152,990
Community engagement	2,738	171	68,656	14,586	86,151	-	19,555	105,706
Depreciation and amortization	2,450	785	87,332	1,971	92,538	1,186	815	94,539
Bank and other fees	150	150	3,691	194	4,185	1,638	86,089	91,912
Insurance	4,836	1,548	45,048	3,890	55,322	2,341	1,608	59,271
Promotion and advertising	4,407	282	2,584	1,536	8,809	426	12,286	21,521
	<u>\$ 1,384,320</u>	<u>\$ 483,164</u>	<u>\$ 3,790,978</u>	<u>\$ 982,815</u>	<u>\$ 6,641,277</u>	<u>\$ 828,504</u>	<u>\$ 724,455</u>	<u>\$ 8,194,236</u>

*See accompanying notes to financial statements.*



# WASHINGTON TRAILS ASSOCIATION

## STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Cash received from donors	\$ 5,795,638	\$ 5,866,113
Cash received from customers	2,194,792	2,032,517
Cash received from interest and other	400,040	400,351
Cash paid to employees	(6,615,745)	(6,295,332)
Cash paid to vendors	(1,847,109)	(1,817,241)
Net cash flows from operating activities	(72,384)	186,408
Cash Flows from Investing Activities		
Purchases of investments	(214,573)	(2,384,216)
Sales of investments	150,000	1,712,616
Contributions invested in beneficial interests in assets held by The Seattle Foundation	(37,556)	(383,319)
Purchases of property and equipment	(171,959)	(155,527)
Net cash flows from investing activities	(274,088)	(1,210,446)
Cash Flows from Financing Activity		
Contributions received restricted for investment in beneficial interests in assets held by The Seattle Foundation	37,556	383,319
<b>Net change in cash and cash equivalents</b>	<b>(308,916)</b>	<b>(640,719)</b>
Cash and Cash Equivalents, beginning of the year	1,980,335	2,621,054
Cash and Cash Equivalents, end of the year	\$ 1,671,419	\$ 1,980,335

*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's mission 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 without and with Donor Restriction*

Net assets without donor restrictions are available for support of the Organization's operations. The Organization's Board of Directors has designated certain net assets without donor restrictions held in investments as the Impact Fund, and 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:

	2024	2023
The Impact Fund	\$ 2,358,264	\$ 2,057,931
The Washington Trails Endowment Fund	63,588	61,156
	<u>\$ 2,421,852</u>	<u>\$ 2,119,087</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, 2024, and 2023. 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:

	2024	2023
Net assets with purpose or time restrictions		
Director of Technology	\$ 355,000	\$ -
Trail maintenance	186,627	402,253
Time-restricted	119,826	279,826
Youth programs	-	5,000
Beneficial interest in assets held by		
The Seattle Foundation:		
Greg Ball Trail Fund - trail maintenance	1,702,574	1,583,004
Stusser Fund - communications program	195,629	187,986
	<u>2,559,656</u>	<u>2,458,069</u>
Net assets with perpetual restrictions		
Beneficial interest in assets held by		
The Seattle Foundation:		
Youth Endowment Fund	<u>2,650,064</u>	<u>2,544,316</u>
	<u>\$ 5,209,720</u>	<u>\$ 5,002,385</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 credit 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:

	2024	2023
Money market funds	\$ 1,632,639	\$ 1,646,843
Short-term bond mutual fund	528,097	502,656
Balanced equity fund	2,358,264	2,057,930
	<u>\$ 4,519,000</u>	<u>\$ 4,207,429</u>

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

	2024	2023
Interest and dividends, net of fees	\$ 188,866	\$ 167,372
Realized and unrealized gains	246,999	287,135
Distributions received from beneficial interest in assets held by The Seattle Foundation	179,464	169,046
	<u>\$ 615,329</u>	<u>\$ 623,553</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. Receivables from one customer represented 44% and 45% of total accounts receivable at December 31, 2024 and 2023, respectively.

Contributions receivable expected to be collected in one year are recorded at net realizable value. Contributions receivable expected to be received in more than one year (consisting solely of contribution receivable) are discounted to net present value at a rate based on management's estimate commensurate with the related risk. As a result of this adjustment, promises to give are initially recognized at fair value. The initial discount and subsequent amortization are recognized in contribution revenue.

# WASHINGTON TRAILS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

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, 2024 or 2023.

Contributions receivable is due in the following years at December 31:

	2024	2023
Due in less than one year	\$ 497,519	\$ 327,512
Due in one to five years	67,826	269,826
	<u>\$ 565,345</u>	<u>\$ 597,338</u>

Contributions receivable from one donor represented 40% of total contributions receivable at December 31, 2023. There were no significant concentrations of contributions receivable at December 31, 2024.

### *Leases*

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and operating lease liabilities in the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease obligations represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as right of use assets or lease obligations on the statements of financial position. Management has determined that any discount rate used for computing the present value of lease liabilities would be immaterial and as such is not included in these financial statements.

The Organization has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

### *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).

# WASHINGTON TRAILS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

Property and equipment consist of the following at December 31:

	2024	2023
Office equipment and software	\$ 369,957	\$ 369,957
Vehicles	783,253	611,295
Leasehold improvements	-	86,378
	1,153,210	1,067,630
Less: accumulated depreciation and amortization	(803,228)	(806,672)
	<u>\$ 349,982</u>	<u>\$ 260,958</u>

### *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. During the year ended December 31, 2023, one donor represented 16% of total support and revenue. There were no significant concentrations of contributions during the year ended December 31, 2024.

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.

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.

Accounts receivable at January 1, 2025, for which performance obligations had been met during the year ended December 31, 2024, totaled \$756,271. Accounts receivable at January 1, 2024, for which performance obligations had been met during the year ended December 31, 2023, totaled \$743,126.

### *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 132,000 and 135,000 volunteer hours were contributed to the Organization during the years ended December 31, 2024 and 2023, respectively, the value of which has not been determined and is not reflected in the accompanying financial statements.

# WASHINGTON TRAILS ASSOCIATION

## NOTES TO 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, trail work supplies, professional fees, travel, printing and publications, and bank and other fees are allocated based on estimates of time and effort.

### *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 April 15, 2025.

### **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, 2024 and 2023, as those restrictions are held for programs that are considered general expenditures.

	2024	2023
Financial Assets		
Cash and cash equivalents	\$ 1,671,419	\$ 1,980,335
Investments	4,519,000	4,207,429
Accounts receivable	756,271	743,126
Contributions receivable	565,345	597,338
Distributions from beneficial interests expected to be received in the next year	179,000	166,000
	<u>7,691,035</u>	<u>7,694,228</u>
Less: Amounts Not Available to be Used Within One Year		
Noncurrent contributions receivable	(67,826)	(269,826)
Board-designated net assets - The Impact Fund	<u>(2,358,264)</u>	<u>(2,057,931)</u>
	<u>\$ 5,264,945</u>	<u>\$ 5,366,471</u>

# WASHINGTON TRAILS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

### 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.
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, 2024 is as follows:

	Trails Endowment	Greg Ball Trail Fund	Stusser Fund	Endowment Fund	Total
Beginning balance	\$ 61,158	\$ 1,583,004	\$ 187,986	\$ 2,544,315	\$ 4,376,463
Contributions	-	37,556	-	-	37,556
Change in value	5,250	137,650	16,130	218,270	377,300
Distributions	(2,820)	(55,636)	(8,487)	(112,521)	(179,464)
	<u>\$ 63,588</u>	<u>\$ 1,702,574</u>	<u>\$ 195,629</u>	<u>\$ 2,650,064</u>	<u>\$ 4,611,855</u>



# WASHINGTON TRAILS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

A reconciliation of the beginning and ending balances of the Beneficial Interests for the year ending December 31, 2023 is as follows:

	Trails Endowment	Greg Ball Trail Fund	Stusser Fund	Endowment Fund	Total
Beginning balance	\$ 55,872	\$ 1,078,886	\$ 172,559	\$ 2,313,348	\$ 3,620,665
Contributions	-	383,319	-	-	383,319
Change in value	8,043	173,260	24,776	335,445	541,524
Distributions	(2,759)	(52,461)	(9,349)	(104,477)	(169,046)
	<u>\$ 61,156</u>	<u>\$ 1,583,004</u>	<u>\$ 187,986</u>	<u>\$ 2,544,316</u>	<u>\$ 4,376,462</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 return.

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 – Operating Lease

The Organization leases its office facilities under an operating lease through August 2032. Under the terms of the lease, the Organization has the option to extend the term for one additional five-year period at a mutually agreed-upon rate determined at the time the option to extend is exercised. There is uncertainty whether this option will be exercised and as such, this amount has not been included in the asset or liability.

The Organization has recognized an operating lease right-of-use asset and corresponding operating lease liability, representing the payments required under the lease through maturity. Rent expense under this lease was \$229,363 and \$286,818 for the years ended December 31, 2024 and 2023, respectively, and is included within occupancy in the statement of functional expenses.

Operating cash flows for this lease was \$271,910 and \$308,123 for the years ended December 31, 2024 and 2023, respectively.

ROU assets recognized in exchange for operating lease liabilities totaled \$1,910,952 during the year ended December 31, 2024.

## WASHINGTON TRAILS ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

A maturity analysis of undiscounted cash flows for the lease liability as of December 31, 2024, are as follows for the years ending December 31:

2025	\$	253,130
2026		260,724
2027		268,546
2028		276,602
2029		284,900
Thereafter		<u>801,189</u>
Total undiscounted cash flows		2,145,091
Less: present value discount (at 3.84%)		<u>(293,773)</u>
Operating lease liability	\$	<u>1,851,318</u>

The operating lease liability is presented in the statement of financial position as follows at December 31:

	<u>2024</u>	<u>2023</u>
Operating lease liability (a current liability)	\$ 186,070	209,254
Operating lease liability, less current portion	<u>1,665,248</u>	<u>-</u>
	<u>\$ 1,851,318</u>	<u>\$ 209,254</u>

#### Note 5 – 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, 2024 and 2023, contributions of \$132,363 and \$131,405, respectively, were made to the Plan.