

NEW YORK - NEW JERSEY TRAIL CONFERENCE, INC.
Financial Statements
December 31, 2021 and 2020
With Independent Auditor's Report

New York - New Jersey Trail Conference, Inc.
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December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
New York - New Jersey Trail Conference, Inc.:

Opinion

We have audited the financial statements of New York - New Jersey Trail Conference, Inc. (the "Trail Conference"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New York - New Jersey Trail Conference, Inc. as of December 31, 2021 and 2020, 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trail Conference 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 the Trail Conference's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trail Conference's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trail Conference'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.

Withum Smith + Brown, PC

May 31, 2022

New York - New Jersey Trail Conference, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 687,352	\$ 536,204
Investments	4,766,995	3,964,145
Accounts receivable	25,928	18,816
Grants receivable	820,081	741,908
Promises to give, current portion	546,762	216,565
Other receivables	47,286	39,331
Prepaid expenses and other current assets	16,521	9,603
Total current assets	<u>6,910,925</u>	<u>5,526,572</u>
Construction in progress	<u>-</u>	<u>24,395</u>
Property and equipment, net	<u>3,625,268</u>	<u>3,708,865</u>
Website, net	<u>4,318</u>	<u>25,590</u>
Other assets		
Investments held for the Land Acquisition and Stewardship Fund	371,100	707,936
Promises to give, net of current portion and pledge discount	876,061	412,394
Trail land and easements	1,739,974	1,388,715
Total other assets	<u>2,987,135</u>	<u>2,509,045</u>
Total assets	<u>\$ 13,527,646</u>	<u>\$ 11,794,467</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 211,022	\$ 199,129
Capital lease payable	15,751	14,984
Deferred income	6,225	5,000
Total current liabilities	<u>232,998</u>	<u>219,113</u>
Long-term liabilities		
Capital lease payable, net of current portion	145,485	161,237
Payroll Protection Program loan	<u>-</u>	<u>380,761</u>
Total liabilities	<u>378,483</u>	<u>761,111</u>
Net assets		
Without donor restrictions	8,719,616	7,656,093
With donor restrictions	<u>4,429,547</u>	<u>3,377,263</u>
Total net assets	<u>13,149,163</u>	<u>11,033,356</u>
Total liabilities and net assets	<u>\$ 13,527,646</u>	<u>\$ 11,794,467</u>

The Notes to Financial Statements are an integral part of these statements.

New York - New Jersey Trail Conference, Inc.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Contributions						
Membership dues	\$ 265,089	\$ -	\$ 265,089	\$ 262,677	\$ -	\$ 262,677
Individuals and foundations	1,079,651	1,548,950	2,628,601	962,388	299,152	1,261,540
Bequests	-	-	-	125,000	36,000	161,000
Grants and contracts	-	1,318,902	1,318,902	-	1,008,858	1,008,858
In-kind contributions	154,955	-	154,955	136,206	495,400	631,606
Sales of maps, books and other items	233,018	-	233,018	206,885	-	206,885
Other income	12,387	-	12,387	3,325	-	3,325
Loss on sale of trail lands and easements	(39,916)	-	(39,916)	-	-	-
	<u>1,705,184</u>	<u>2,867,852</u>	<u>4,573,036</u>	<u>1,696,481</u>	<u>1,839,410</u>	<u>3,535,891</u>
Net assets released from restrictions	<u>1,863,116</u>	<u>(1,863,116)</u>	<u>-</u>	<u>1,193,332</u>	<u>(1,193,332)</u>	<u>-</u>
	<u>3,568,300</u>	<u>1,004,736</u>	<u>4,573,036</u>	<u>2,889,813</u>	<u>646,078</u>	<u>3,535,891</u>
Expenses						
Program services	2,815,014	-	2,815,014	2,381,452	-	2,381,452
Management and general	299,379	-	299,379	283,493	-	283,493
Fundraising	478,276	-	478,276	665,349	-	665,349
	<u>3,592,669</u>	<u>-</u>	<u>3,592,669</u>	<u>3,330,294</u>	<u>-</u>	<u>3,330,294</u>
Change in net assets from operations	<u>(24,369)</u>	<u>1,004,736</u>	<u>980,367</u>	<u>(440,481)</u>	<u>646,078</u>	<u>205,597</u>
Non-operating revenue						
Investment income, net	403,369	47,548	450,917	355,925	13,534	369,459
Forgiveness of Payroll Protection Program loan	380,761	-	380,761	-	-	-
Employee Retention Credit	303,762	-	303,762	-	-	-
	<u>1,087,892</u>	<u>47,548</u>	<u>1,135,440</u>	<u>355,925</u>	<u>13,534</u>	<u>369,459</u>
Changes in net assets	<u>1,063,523</u>	<u>1,052,284</u>	<u>2,115,807</u>	<u>(84,556)</u>	<u>659,612</u>	<u>575,056</u>
Net assets						
Beginning of year	<u>7,656,093</u>	<u>3,377,263</u>	<u>11,033,356</u>	<u>7,740,649</u>	<u>2,717,651</u>	<u>10,458,300</u>
End of year	<u>\$ 8,719,616</u>	<u>\$ 4,429,547</u>	<u>\$ 13,149,163</u>	<u>\$ 7,656,093</u>	<u>\$ 3,377,263</u>	<u>\$ 11,033,356</u>

The Notes to Financial Statements are an integral part of these statements.

New York - New Jersey Trail Conference, Inc.
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Changes in net assets	\$ 2,115,807	\$ 575,056
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	184,637	192,583
Unrealized gain on investments	(114,735)	(209,350)
Realized gain on investments	(80,694)	(56,644)
Loss on sale of trail lands and easements	39,916	-
Net present value adjustment on promises to give	27,133	(2,534)
Donation of trail lands and easements	-	(495,400)
Forgiveness of Paycheck Protection Program loan	(380,761)	
Changes in assets and liabilities		
Accounts receivable	(7,112)	3,683
Grants receivable	(78,173)	(526,437)
Promises to give	(820,997)	(16,728)
Other receivables	(7,955)	6,225
Prepaid expenses and other current assets	(6,918)	5,790
Security deposits	-	2,000
Accounts payable and accrued expenses	11,893	25,978
Deferred income	1,225	5,000
Net cash provided by (used in) operating activities	<u>883,266</u>	<u>(490,778)</u>
Investing activities		
Purchase of property and equipment	(7,532)	(7,055)
Website development costs	(1,856)	(3,105)
Construction in progress paid	(45,985)	(17,610)
Purchase of trail lands and easements	(423,060)	(10,680)
Sale of trail lands and easements	31,885	-
Purchase of investments	(999,156)	(1,268,778)
Proceeds from the sale of investments	728,571	1,460,091
Net cash provided by (used in) investing activities	<u>(717,133)</u>	<u>152,863</u>
Financing activities		
Payment on capital lease	(14,985)	(14,254)
Proceeds from Paycheck Protection Program loan	-	380,761
Net cash provided by (used in) financing activities	<u>(14,985)</u>	<u>366,507</u>
Net change in cash and cash equivalents	151,148	28,592
Cash and cash equivalents		
Beginning of year	<u>536,204</u>	<u>507,612</u>
End of year	<u>\$ 687,352</u>	<u>\$ 536,204</u>
Supplemental disclosure of cash flow information		
No amounts were paid for interest or income taxes for the years ended December 31, 2021 and 2020.		
Non cash transactions		
Donated property and equipment	<u>\$ 7,090</u>	<u>\$ 7,090</u>
Donation of trail lands and easements	<u>\$ -</u>	<u>\$ 495,400</u>
Construction in progress placed in service	<u>\$ 70,380</u>	<u>\$ -</u>

The Notes to Financial Statements are an integral part of these statements.

New York - New Jersey Trail Conference, Inc.
Statements of Functional Expenses
Year Ended December 31, 2021

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Trail Programs</u>	<u>Publications</u>	<u>Darlington Headquarters</u>				
Salaries and wages	\$ 1,394,592	\$ 66,121	\$ -	\$ 1,460,713	\$ 225,665	\$ 317,934	\$ 2,004,312
Payroll taxes and fringes	202,892	9,620	-	212,512	32,831	46,255	291,598
Professional services	225,402	3,428	-	228,830	11,698	17,281	257,809
Occupancy	53,858	1,126	-	54,984	3,841	5,412	64,237
Office expense	66,042	96,508	-	162,550	3,080	64,945	230,575
Insurance	42,550	1,435	-	43,985	4,898	6,901	55,784
Trail development costs	206,286	-	-	206,286	-	-	206,286
Travel	40,396	178	-	40,574	178	818	41,570
Dues and fees	7,827	260	-	8,087	3,223	642	11,952
In-kind expenses	159,085	-	-	159,085	-	2,960	162,045
Workshops and meetings	29,845	-	-	29,845	73	546	30,464
Other expenses	19,007	17,652	-	36,659	159	14,582	51,400
Depreciation and amortization	30,948	-	139,956	170,904	13,733	-	184,637
	<u>\$ 2,478,730</u>	<u>\$ 196,328</u>	<u>\$ 139,956</u>	<u>\$ 2,815,014</u>	<u>\$ 299,379</u>	<u>\$ 478,276</u>	<u>\$ 3,592,669</u>

The Notes to Financial Statements are an integral part of this statement.

New York - New Jersey Trail Conference, Inc.
Statements of Functional Expenses
Year Ended December 31, 2020

	<u>Program Services</u>			<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Trail Programs</u>	<u>Publications</u>	<u>Darlington Headquarters</u>				
Salaries and wages	\$ 1,223,897	\$ 70,287	\$ -	\$ 1,294,184	\$ 199,955	\$ 345,329	\$ 1,839,468
Payroll taxes and fringes	174,865	10,042	-	184,907	28,569	49,339	262,815
Professional services	88,305	6,907	-	95,212	8,268	171,854	275,334
Occupancy	36,051	1,090	-	37,141	3,338	5,767	46,246
Office expense	64,644	92,374	-	157,018	3,095	50,428	210,541
Insurance	31,944	1,583	-	33,527	4,504	7,779	45,810
Trail development costs	221,105	-	-	221,105	-	-	221,105
Travel	23,372	103	-	23,475	490	804	24,769
Dues and fees	8,629	120	-	8,749	2,080	1,195	12,024
In-kind expenses	143,296	-	-	143,296	-	-	143,296
Workshops and meetings	15,764	144	-	15,908	987	142	17,037
Other expenses	10,686	9,917	-	20,603	272	18,391	39,266
Depreciation and amortization	<u>22,246</u>	<u>3,637</u>	<u>120,444</u>	<u>146,327</u>	<u>31,935</u>	<u>14,321</u>	<u>192,583</u>
	<u>\$ 2,064,804</u>	<u>\$ 196,204</u>	<u>\$ 120,444</u>	<u>\$ 2,381,452</u>	<u>\$ 283,493</u>	<u>\$ 665,349</u>	<u>\$ 3,330,294</u>

The Notes to Financial Statements are an integral part of this statement.

New York - New Jersey Trail Conference, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

1. THE TRAIL CONFERENCE AND PURPOSE

New York - New Jersey Trail Conference, Inc. (the "Trail Conference"), is a not-for-profit organization incorporated in 1958 in the State of New York. The volunteer-powered Trail Conference is committed to developing, building and maintaining trails, protecting trails and trail lands through support and advocacy, and educating the public in the responsible use of trails and the natural environment. This is accomplished in part via trail guides, books, and maps published by the Trail Conference. The primary sources of funding are contract income, membership dues, grants, contributions, publications and land sales.

The Trail Conference maintains its office at the historic Darlington Schoolhouse in Mahwah, New Jersey.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis and in conformity with accounting principles generally accepted in the United States of America. Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Trail Conference. These net assets may be used at the discretion of the Trail Conference's management and the Board of Trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Trail Conference or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Intermediate Measure of Operations

The accompanying statements of activities and changes in net assets distinguish between operating and non-operating activities. Operating activities principally include all revenues and expenses that are an integral part of the Trail Conference's programs and supporting activities. Non-operating activities principally include investment income (loss) and activities that are considered to be of a nonrecurring nature and items that are generally not an integral part to the Trail Conference's programs and supporting activities, which include emergency relief from government programs.

Income Taxes

The Trail Conference is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for federal income taxes. The Trail Conference follows the pronouncement related to income taxes. There were no uncertain tax positions at December 31, 2021 and 2020. The Trail Conference did not have any income tax related penalties or interest for the periods presented in these financial statements.

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. Accordingly, actual results could differ from those estimates. Significant estimates include in-kind donations and investments at fair value, measured at quoted market prices.

New York - New Jersey Trail Conference, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Cash and Cash Equivalents

Cash and cash equivalents are short term, highly liquid investments with a maturity date of three months or less on the date of acquisition.

Investments

The Trail Conference is invested in equity securities. Investments in equity securities are stated at fair value. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

Accounts Receivable

Accounts receivable represent unsecured, non-interest bearing obligations due from customers. The carrying amount of accounts receivable is adjusted by a valuation allowance that reflects management's best estimate of the amount that will not be collected. For each of the years ended December 31, 2021 and 2020, there was no allowance for doubtful accounts.

Grants Receivable

Grants receivable consist mainly of governmental grants. Management monitors the collectability of these receivables and has determined that no allowance for uncollectible accounts was necessary at December 31, 2021 and 2020.

Promises to Give

Promises to give are recorded at fair value upon notification of the promise to give. Management monitors the collectability of these receivables and has determined that no allowance for uncollectible accounts was necessary at December 31, 2021 and 2020.

Property and Equipment

Property and equipment are recorded at cost, except for donated items which are recorded at the fair value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Trail Land and Easements

Trail land and easements are recorded at cost or fair value if donated. During 2020, the Trail Conference received donated land of \$495,400 recorded at fair value.

Website

Website development costs are recorded at cost and are amortized over their estimated useful life of 4 years.

Valuation of Long-Lived Assets

The Trail Conference reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

New York - New Jersey Trail Conference, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Revenue and Support Recognition

Contributions

The Trail Conference recognizes contributions, including memberships dues, as revenue when they are received or unconditionally promised to give and records these revenues as with donor restrictions or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified and reported in the statements of activities and changes in net assets as net assets released from restrictions. Promises to give which are expected to be paid in greater than one year are discounted to net present value annually.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. Revenue from government and private grant and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Grant funds received in advance of the expenditures incurred are recorded as grant advances payable. Grant funds expended in advance of reimbursement from the funding source are classified as grants and contracts receivable in the statements of financial position. The Trail Conference's grant contracts span multiple years and provide for cost reimbursement of approximately \$5,481,000 with remaining available funding under the contracts through 2024 of approximately \$1,547,000. This funding is conditioned upon the Trail Conference incurring qualified expenses, complying with matching requirements, and certain deliverables.

Contributed services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people possessing those skills and would otherwise be purchased by the Trail Conference if not donated. Professional services and goods donated for the years ended December 31, 2021 and 2020 were valued at \$154,955 and \$136,206, respectively, of which, \$-0- was capitalized. The Trail Conference received 86,982 and 84,844 hours of volunteer services for the years ended December 31, 2021 and 2020, respectively, which did not meet the criteria above. Additionally, the Trail Conference received donated trail land and easements of approximately \$0 and \$500,000 for the years ended December 31, 2021 and 2020, respectively.

The Trail Conference has applied for the employee retention credit in the amount of \$303,762. The credit will be claimed against the Trail Conference's payroll tax obligations for each calendar quarter based on qualified wages, subject to certain limitations. For the year ended December 31, 2021, the Trail Conference recorded revenue totaling \$303,762 which is included in grants and contracts revenue in the accompanying statements of activities and changes in net assets.

Revenues from Contracts with Customers – Sale of Maps, Books and Other Items

Revenues without donor restrictions are obtained from the sale of maps, books and other items. These revenues are recognized on the date of sale, in an amount that reflects the consideration the Trail Conference expects to be entitled to in exchange for ownership of the maps, books and other items. The Trail Conference does not have any significant financing components as payment is received at the point of sale. These revenues are used to offset program expenses as well as management and general and fundraising expenses. Receivables for the years ended December 31, 2021, 2020, and 2019 were \$25,928, \$18,816 and \$22,499, respectively.

Expense Classification

The expenses of the Trail Conference are presented in the statements of activities and changes in net assets under the following classifications which describe the Trail Conference's program activities:

New York - New Jersey Trail Conference, Inc.
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Trail Programs – Founded in 1920 to help connect people with nature, the Trail Conference has been known as a builder and maintainer of trails. Our volunteer-powered organization is now also recognized as an innovative leader in protecting native habitats by combating invasive species. We engage volunteers and educate people on the simple steps they can take to help care for trails and save our ecosystems. We believe everyone has the power to protect the land they love.

Publications – Since the original publication of *The New York Walk Book* in 1923, the Trail Conference has provided trail users with the most accurate, up-to-date information on local trails. When you decide to get outdoors, we provide the information you need to choose your experience and successfully navigate your way there and back. Our trusted trip-planning and wayfinding expertise is a service that we offer through maps, guidebooks and our website.

Darlington Headquarters – For 40 years, the Darlington Schoolhouse, built in 1891, sat empty. The Trail Conference completed restoration of the building as its award-winning headquarters in 2015.

All expenses that were not directly associated with the above service categories are categorized as management and general expenses or fundraising expense. Costs are generally charged to programs, management and general and fundraising based on direct costs incurred attributable to each function. Certain costs are allocated among programs and supporting services based on salary percentages estimated from time records which approximates the benefit derived by each function.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Payroll taxes and fringe	Salaries
Insurance	Salaries
Occupancy	Salaries
Office expense	Salaries
Professional services	Salaries
Depreciation	Square footage and salaries

New Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02 *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of the Trail Conference’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. The Trail Conference is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

In connection with the adoption of ASU 2016-02, the Trail Conference will also elect an optional transition practical expedient by adopting ASU 2018-01. Due to diversity in practice and the complexity of accounting for land easements, the practical expedient will allow entities who currently account for land easements under Topic 840 to continue such accounting treatment. Once an entity adopts Topic 842, that guidance would be applied prospectively to all new (or modified) easements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021 with a simultaneous election to adopt ASU 2018-01. The Trail Conference is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

New York - New Jersey Trail Conference, Inc.
Notes to Financial Statements
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Gifts In-Kind

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Trail Conference is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

3. LIQUIDITY AND AVAILABILITY

As of December 31, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 687,352	\$ 536,204
Investments	5,138,095	4,672,081
Accounts receivable	25,928	18,816
Grants receivable	820,081	741,908
Promises to give	1,422,823	628,959
Other receivables	<u>47,286</u>	<u>39,331</u>
Total financial assets	8,141,565	6,637,299
Less: Restricted net assets to be paid utilizing financial assets	<u>(2,689,573)</u>	<u>(1,988,548)</u>
Financial assets and liquidity resources available for general expenditure	<u>\$ 5,451,992</u>	<u>\$ 4,648,751</u>

The Trail Conference manages its financial assets so they are available to fund anticipated operating expenses and to meet liabilities and other obligations as they become due. The Trail Conference's cash flows fluctuate during the year due to the timing of program operations and the timing of payments and contributions from funding sources, members and other contributors.

4. INVESTMENTS

The Trail Conference has provided fair value disclosure information for relevant assets and liabilities in these financial statements. For applicable assets subject to this pronouncement, the Trail Conference values such assets using quoted market prices in active markets for identical assets to the extent possible (Level 1). To the extent that such market prices are not available, the Trail Conference values such assets using observable measurement criteria, including quoted market prices of similar assets in active and inactive markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Trail Conference develops measurement criteria based on the best information available (Level 3).

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The following summarizes the market value and cost of investments at December 31:

	2021		2020	
	Cost	Market (Level 1)	Cost	Market (Level 1)
Money market funds	\$ 127,790	\$ 127,790	\$ 68,690	\$ 68,690
Equity funds	2,355,394	3,121,286	1,973,691	2,566,091
Bond funds	692,389	698,705	695,085	712,383
Exchange traded funds	1,138,507	1,190,314	1,228,606	1,324,917
	4,314,080	5,138,095	3,966,072	4,672,081
Less: Investments held for the Land Acquisition and Stewardship Fund	(311,063)	(371,100)	(634,342)	(707,936)
	\$ 4,003,017	\$ 4,766,995	\$ 3,331,730	\$ 3,964,145

Investment income consisted of the following at December 31:

	2021	2020
Interest and dividends	\$ 275,491	\$ 123,465
Realized gains	80,694	56,644
Unrealized gains	114,735	209,350
Investment advisory fees	(20,003)	(20,000)
	\$ 450,917	\$ 369,459

5. GRANTS RECEIVABLE

Grants receivable consist of the following at December 31:

	2021	2020
New York State Environmental Protection Fund	\$ 3,766	\$ 2,563
New York State Department of Environmental Conservation	224,802	401,474
New York State Office of Parks, Recreation and Historic Preservation	231,130	193,389
New York State Office of Children and Family Services	19,485	131,182
Employee Retention Credit receivable	303,762	-
Other	37,136	13,300
	\$ 820,081	\$ 741,908

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6. PROMISES TO GIVE

Promises to give at December 31 consisted of the following:

	<u>2021</u>	<u>2020</u>
Promises to give expected to be collected		
In one year or less	\$ 546,762	\$ 246,175
Between one and five years	825,860	273,360
More than five years	<u>96,270</u>	<u>128,360</u>
	1,468,892	647,895
Less: Discount to present value	<u>(46,069)</u>	<u>(18,936)</u>
	<u>\$ 1,422,823</u>	<u>\$ 628,959</u>

The estimated present value of the future cash flows was determined using a discount rate of 1%.

7. PROPERTY AND EQUIPMENT

Property and equipment were comprised of the following at December 31:

<u>Asset Description</u>	<u>Useful Life (Years)</u>	<u>2021</u>	<u>2020</u>
Land	N/A	\$ 221,340	\$ 221,340
Building and improvements	15-40	4,107,004	4,036,624
Furniture and fixtures	10	178,443	178,443
Equipment	3-10	118,895	116,224
Livestock	5	<u>8,342</u>	<u>8,342</u>
		4,634,024	4,560,973
Less: Accumulated depreciation	N/A	<u>(1,008,756)</u>	<u>(852,108)</u>
		<u>\$ 3,625,268</u>	<u>\$ 3,708,865</u>

Depreciation expense charged to operations amounted to \$161,509 and \$154,047 for the years ended December 31, 2021 and 2020, respectively.

8. WEBSITE

The Trail Conference re-developed its website which added significant new functionality including database management for volunteers, donors, trail management and more. The cost and accumulated amortization on the website consisted of the following at December 31:

	<u>Useful Life (Years)</u>	<u>2021</u>	<u>2020</u>
Website	4	\$ 210,101	\$ 208,245
Accumulated amortization	N/A	<u>(205,783)</u>	<u>(182,655)</u>
Website, net		<u>\$ 4,318</u>	<u>\$ 25,590</u>

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Amortization expense amounted to \$23,128 and \$38,536 at December 31, 2021 and 2020, respectively. Future amortization is as follows: 2022 - \$2,614, 2023 - \$1,240 and 2024 - \$464.

9. PAYCHECK PROTECTION PROGRAM LOAN

On April 13, 2020, the Trail Conference issued an unsecured promissory note (the "PPP Loan") for \$380,761 through the Paycheck Protection Program ("PPP") established under the CARES act, and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Trail Conference was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loan was disbursed ("covered period"), and otherwise satisfied PPP requirements. On June 11, 2021, the Trail Conference was informed that its application for forgiveness of \$380,761 of the PPP Loan was approved. Accordingly, the Trail Conference recorded it as forgiveness of debt in the accompanying statements of activities and changes in net assets.

10. NET ASSETS

Net Assets Without Donor Restrictions

Components of net assets without donor restrictions at December 31 were as follows:

	<u>2021</u>	<u>2020</u>
Available for general operations	\$ 773,084	\$ 126,746
Board designated Legacy Fund	4,278,182	3,746,718
Board designated funds for the Land Acquisition and Stewardship Fund	200,000	200,000
Investment in property and equipment, net of related capital lease	<u>3,468,350</u>	<u>3,582,629</u>
	<u>\$ 8,719,616</u>	<u>\$ 7,656,093</u>

Land Acquisition and Stewardship Fund

The Trail Conference maintains a Land Acquisition and Stewardship Fund which is used from time to time to purchase privately owned land as part of its trail planning and protection program. Such land is temporarily held for conservation purposes, but the Trail Conference's ultimate intention is, if possible, to sell these lands to governmental or non-profit entities that will preserve the properties as trail lands open for public use. The proceeds from such sales are used to replenish the Land Acquisition and Stewardship Fund. The Land Acquisition and Stewardship Fund was originally started with \$200,000 of Board designated funds, and has subsequently been augmented by additional contributions, with donor restrictions, from third parties. The below table presents the Land Acquisition and Stewardship Fund between with and without donor restrictions.

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The following represent the changes in net asset composition for the Land Acquisition and Stewardship Fund:

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Balance at January 1, 2020	\$ 200,000	\$ 1,620,275	\$ 1,820,275
Contributions	-	501,440	501,440
Investment income	-	13,534	13,534
Appropriation for spending	-	<u>(15,617)</u>	<u>(15,617)</u>
Balance at December 31, 2020	200,000	2,119,632	2,319,632
Contributions	-	11,000	11,000
Investment income	-	47,548	47,548
Appropriation for spending	-	<u>(24,240)</u>	<u>(24,240)</u>
Balance at December 31, 2021	<u>\$ 200,000</u>	<u>\$ 2,153,940</u>	<u>\$ 2,353,940</u>

Legacy Fund

The Board created a quasi-endowment fund, where the Board may allocate the fund's principal and earnings for any Board designated purpose. The Legacy Fund is classified as without donor restrictions. The following represent the changes in net asset composition for the Legacy Fund:

Balance at January 1, 2020	\$ 3,739,573
Investment income	348,145
Appropriation for spending	<u>(341,000)</u>
Balance at December 31, 2020	3,746,718
Transfers in	350,000
Investment income	383,464
Appropriation for spending	<u>(202,000)</u>
Balance at December 31, 2021	<u>\$ 4,278,182</u>

Investment Policies

The Trail Conference invests its funds in separate accounts and has three baskets of investments, including a short term pool which is invested in checking and money market assets to meet short term liquidity needs, an intermediate-term liquidity pool to fund projects more than six months out and invested in money market and short term bond funds, and a long-term investment portfolio designed to achieve a combination of income and growth objectives.

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Spending Policies

Investment earnings accumulate within the investment accounts where the funds are held. The Trail Conference withdraws operating funds on an annual basis based on the current need and the approved budget.

Net Assets With Donor Restrictions

Components of net assets with donor restrictions at December 31 were as follows:

	<u>2021</u>	<u>2020</u>
With donor restrictions - restricted by donor for programmatic use as follows		
Trails land work and related projects	\$ 1,922,772	\$ 808,220
Other	36,003	37,017
Land Acquisition and Stewardship Fund	<u>2,153,940</u>	<u>2,119,632</u>
	4,112,715	2,964,869
Restricted based on time restrictions	<u>316,832</u>	<u>412,394</u>
	<u>\$ 4,429,547</u>	<u>\$ 3,377,263</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2021</u>	<u>2020</u>
Trails land work and related projects	\$ 1,739,800	\$ 1,165,975
Other	3,514	-
Land Acquisition and Stewardship Fund	24,240	15,618
Time restricted	<u>95,562</u>	<u>11,739</u>
Net assets with donor restrictions released	<u>\$ 1,863,116</u>	<u>\$ 1,193,332</u>

11. EMPLOYEE RETIREMENT PLAN

The Trail Conference established a retirement savings plan pursuant to Section 403(b) of the Internal Revenue Code. All full-time employees over 21 years of age are eligible to enroll in the plan. The Trail Conference matches 50% of the employee's contribution up to 6% of salary after 6 months of employment. The contributions for the years ended December 31, 2021 and 2020 were \$37,056 and \$34,195, respectively and are included in payroll taxes and fringes in the statements of functional expenses. Vesting of the employer match is as follows:

- 1/3 at the beginning of the 13th month of employment
- 2/3 at the beginning of the 25th month of employment
- 100% at the beginning of the 37th month of employment

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12. LEASES

Capital Lease

The Trail Conference entered into a non-interest bearing lease agreement for geothermal equipment which was installed in the Darlington School House in 2014. Capitalized costs as of each of the years ended December 31, 2021 and 2020 amounted to \$370,724 and are included in building and improvements in property and equipment (see Note 7). Accumulated depreciation on capitalized costs amounted to \$160,651 and \$135,935 for the years ended December 31, 2021 and 2020, respectively. Depreciation expense for the capital lease asset amounted to \$24,716 for each of the years ended December 31, 2021 and 2020. The lease will be repaid over fifteen years with annual payments of approximately \$24,000 discounted at 5%.

Capital lease payable was as follows at December 31:

	<u>2021</u>	<u>2020</u>
Capital lease payable	\$ 202,725	\$ 226,725
Less: Discount to net present value	<u>(41,489)</u>	<u>(50,504)</u>
	161,236	176,221
Less: Current maturities	<u>15,751</u>	<u>14,984</u>
	<u>\$ 145,485</u>	<u>\$ 161,237</u>

Future minimum lease payments under capital leases are as follows at December 31:

2022	\$ 24,000
2023	24,000
2024	24,000
2025	24,000
2026	24,000
Thereafter	<u>82,725</u>
	202,725
Less: Imputed interest	<u>41,489</u>
Capital lease payable	<u>\$ 161,236</u>

13. RELATED PARTIES

The Trail Conference received contributions from board members totaling approximately \$81,000 and \$98,000 for the years ended December 31, 2021 and 2020, respectively.

14. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Trail Conference to concentrations of credit risk are cash and cash equivalents and investments.

Cash and Cash Equivalents

The Trail Conference maintains cash balances at U.S. banks and accounts at each institution are currently insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, cash balances in the Trail Conference's accounts may exceed federally insured limits. All bank accounts exceeding FDIC insurable limits are with major financial institutions. The Trail Conference has not experienced, and does not expect to experience, any losses in such accounts.

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Investments

The Trail Conference invests in conservative instruments which mainly comprise publicly traded stocks and funds. The Trail Conference's investments are exposed to various risks, such as fluctuations in market value and interest rate and credit risks. Thus, it is at least reasonably possible that changes in the near term could materially affect investment balances and the amounts reported in the financial statements. The Trail Conference mitigates risk by diversifying its portfolio among many instruments across a wide range of high-quality securities and industries.

The Trail Conference received approximately 20% and 12% of its revenue from one funding source for the years ended December 31, 2021 and 2020, respectively.

The Trail Conference had 75% of promises to give from two funding sources for the year ended December 31, 2021.

15. COMMITMENTS AND CONTINGENCIES

Lease

On March 12, 2019, the Trail Conference entered into a ten year at no cost lease with Palisades Interstate Park Commission for the purpose of housing facilities for the Trail Conference education and training program. In consideration for this lease, the Trail Conference is required to expend at least \$200,000 in capital renovation improvements during the first five years of the agreement. The Trail Conference anticipates receiving funding to cover the costs of the program investment required. As of December 31, 2021, \$70,380 has been expended in capital renovation improvements. The fair market value of this lease is included in promises to give of \$56,720 and \$63,810 at December 31, 2021 and 2020, respectively. For each of the years ended December 31, 2021 and 2020, \$7,090 is included in in-kind expenses.

Easements

As a condition of the donation of certain lands to the Sterling Forest New York State Park (the "Park") by the Duke Foundation, the Trail Conference was granted a "conservation" easement for the sole purpose of prohibiting hunting on these lands. The Trail Conference is responsible for monitoring these lands and reporting any observations of hunting to Park authorities.

There are certain rights and responsibilities granted to and from the Trail Conference via easements and agreements that are related to the acquisition of the Darlington Schoolhouse property. These agreements have been recorded with the Bergen County, New Jersey Clerk's office as part of the deed and other closing documents.

The agreements include:

Parking Access Easement – The County of Bergen and the Northwest Bergen County Utilities Authority granted an easement that allows the Trail Conference to access their land for construction, parking and geothermal wells.

Encroachment Access Easement – The Township of Mahwah granted the Trail Conference the use of Township property that is located immediately in front of the existing building.

Tenants in Common Agreement – This is not an easement, but it does establish certain rights and responsibilities with regards to the shared property.

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Conservation and Historic Easement – This is an easement that the Tenants in Common (Trail Conference and Township of Mahwah) have granted to the County of Bergen. It stipulates various historic and conservation measures as a condition of ownership, with enforcement responsibility vested in the County.

Gifford Trail Easement – Individual granted an easement in Schenectady County New York for hiking and other passive recreational use by the general public.

Land Agreement

The Trail Conference entered into a grant agreement with Open Space Institute Land Trust, Inc. (“OSI”) in which they received \$90,000 to reimburse the Trail Conference for a portion of the purchase price of approximately 167.5 acres of unimproved land. As part of this agreement, any proceeds from any future sale of the property by the Trail Conference shall be returned to OSI in proportion to the grant’s share of the median of the appraised range of values for the property. The Trail Conference will be entitled to 52.5% of any such proceeds and OSI will be entitled to 47.5%. As of December 31, 2021, the remaining cost of the land is \$167,554, which represents the portion that the Trail Conference expects to realize in a future sale.

16. RISKS AND UNCERTAINTIES

The current outbreak of a novel strain of coronavirus (COVID-19) is significantly impacting businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results, including investment results, may be adversely affected in future periods. The extent to which the coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

17. SUBSEQUENT EVENTS

The Trail Conference has evaluated subsequent events occurring after the statement of financial position date through the date of May 31, 2022, the date the financial statements were available for release. Based upon this evaluation, the Trail Conference has not identified any subsequent event requiring disclosure.