AMERICAN HIKING SOCIETY

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2025 AND 2024

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JM&M
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Directors
American Hiking Society
Silver Spring, MD

Opinion

We have audited the accompanying financial statements of American Hiking Society (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, 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 American Hiking Society as of December 31, 2025 and 2024, 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 American Hiking Society 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 American Hiking Society'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.

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 American Hiking Society'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 American Hiking Society'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.

JM&M

Washington, DC
September 9, 2026

AMERICAN HIKING SOCIETY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 267,394	$ 511,100
Grants receivable	52,216	36,915
Prepaid expenses	20,022	16,157
Total Current Assets	339,632	564,172
PROPERTY AND EQUIPMENT		
Software	28,620	28,620
Accumulated amortization	(28,620)	(28,620)
Total Property and Equipment, Net	-	-
OTHER ASSETS		
Investments	347,552	303,380
Operating lease right-of-use assets, net	34,347	13,341
Deposits	3,246	2,906
Total Other Assets	385,145	319,627
TOTAL ASSETS	$ 724,777	$ 883,799
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 42,130	$ 33,301
Accrued expenses	23,784	22,565
Deferred revenue	121,831	65,024
Deferred ERTC	-	95,635
Operating lease liability, current portion	18,963	13,847
Total Current Liabilities	206,708	230,372
NON-CURRENT LIABILITIES		
Operating lease liability, net of current portion	15,566	-
Total Liabilities	222,274	230,372
NET ASSETS		
Without donor restrictions:		
Undesignated	269,349	461,526
Board designated - reserves	36,446	47,214
Board designated - opportunity fund	135,309	102,638
Total Without Donor Restrictions	441,104	611,378
With donor restrictions	61,399	42,049
Total Net Assets	502,503	653,427
TOTAL LIABILITIES AND NET ASSETS	$ 724,777	$ 883,799

The accompanying notes are an integral part of these financial statements.

AMERICAN HIKING SOCIETY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Gifts and donations	$ 203,887	$ 19,350	$ 223,237
Corporate grants and support	120,771	-	120,771
In-kind donations	99,394	-	99,394
In-kind services	170,440	-	170,440
Government and foundation grants	135,147	-	135,147
Employee retention tax credit	84,185	-	84,185
Event registrations and fees	151,939	-	151,939
Alliance member support	5,612	-	5,612
Investment income, Net	46,652	-	46,652
Total Revenue and Support	1,018,027	19,350	1,037,377
EXPENSES			
Program Services:			
Volunteer vacations	283,608	-	283,608
Member services	12,133	-	12,133
Legislative policy	541,709	-	541,709
Total Program Services	837,450	-	837,450
Supporting Services:			
Management and general	147,765	-	147,765
Fundraising and development	203,086	-	203,086
Total Supporting Services	350,851	-	350,851
Total Expenses	1,188,301	-	1,188,301
CHANGE IN NET ASSETS	(170,274)	19,350	(150,924)
NET ASSETS, beginning of year	611,378	42,049	653,427
NET ASSETS, end of year	$ 441,104	$ 61,399	$ 502,503

The accompanying notes are an integral part of these financial statements.

AMERICAN HIKING SOCIETY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Gifts and donations	$ 207,557	$ -	$ 207,557
Corporate grants and support	242,993	-	242,993
In-kind donations	41,969	-	41,969
In-kind services	170,440	-	170,440
Government and foundation grants	204,363	-	204,363
Employee retention tax credit	30,000	-	30,000
Event registrations and fees	137,755	-	137,755
Alliance member support	7,613	-	7,613
Combined federal campaign donations	1,420	-	1,420
Investment income, Net	32,280	-	32,280
Total Revenue and Support	1,076,390	-	1,076,390
EXPENSES			
Program Services:			
Volunteer vacations	325,349	-	325,349
Member services	11,702	-	11,702
Legislative policy	444,174	-	444,174
Total Program Services	781,225	-	781,225
Supporting Services:			
Management and general	133,907	-	133,907
Fundraising and development	139,449	-	139,449
Total Supporting Services	273,356	-	273,356
Total Expenses	1,054,581	-	1,054,581
CHANGE IN NET ASSETS	21,809	-	21,809
NET ASSETS, beginning of year	589,569	42,049	631,618
NET ASSETS, end of year	$ 611,378	$ 42,049	$ 653,427

The accompanying notes are an integral part of these financial statements.

AMERICAN HIKING SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025

	PROGRAM SERVICES				SUPPORTING SERVICES			
	VOLUNTEER VACATIONS	MEMBER SERVICES	LEGISLATIVE POLICY	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING AND DEVELOPMENT	TOTAL SUPPORTING SERVICES	TOTAL
Personnel Costs:								
Salaries	$ 187,794	$ 9,961	$ 221,537	$ 419,292	$ 72,028	$ 105,847	$ 177,875	$ 597,167
Payroll taxes	14,610	783	17,190	32,583	5,663	8,074	13,737	46,320
Benefits	16,347	876	19,234	36,457	5,906	9,034	14,940	51,397
Subtotal Personnel Costs	218,751	11,620	257,961	488,332	83,597	122,955	206,552	694,884
Accounting	-	-	-	-	20,813	-	20,813	20,813
Advertising	3,445	-	5,781	9,226	175	691	866	10,092
Bad debt	-	-	-	-	3,309	-	3,309	3,309
Bank charges	4,530	157	1,354	6,041	435	511	946	6,987
Consulting	2,301	16	6,204	8,521	13,533	7,514	21,047	29,568
Dues and subscriptions	8,550	15	9,347	17,912	154	910	1,064	18,976
Equipment rental	570	30	752	1,352	269	405	674	2,026
Insurance	1,482	79	1,744	3,305	1,998	819	2,817	6,122
In-kind goods and services	3,933	-	213,959	217,892	-	51,942	51,942	269,834
Gifts	-	-	4,785	4,785	-	-	-	4,785
Licenses	-	-	-	-	6,969	-	6,969	6,969
Meetings	18,719	-	18,464	37,183	8,815	1,541	10,356	47,539
Office supplies and expenses	342	-	294	636	37	222	259	895
Postage and delivery	680	30	1,773	2,483	114	3,074	3,188	5,671
Printing and copying	127	6	1,009	1,142	39	4,273	4,312	5,454
Professional fees	7,646	93	3,127	10,866	570	2,073	2,643	13,509
Rent	8,132	-	5,320	13,452	3,207	5,320	8,527	21,979
Telephone	277	38	402	717	197	122	319	1,036
Training	147	-	-	147	265	199	464	611
Travel	3,077	11	5,559	8,647	2,991	161	3,152	11,799
Website maintenance	899	38	3,874	4,811	278	354	632	5,443
Total	$ 283,608	$ 12,133	$ 541,709	$ 837,450	$ 147,765	$ 203,086	$ 350,851	$ 1,188,301

The accompanying notes are an integral part of these financial statements.

AMERICAN HIKING SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	PROGRAM SERVICES				SUPPORTING SERVICES			
	VOLUNTEER VACATIONS	MEMBER SERVICES	LEGISLATIVE POLICY	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING AND DEVELOPMENT	TOTAL SUPPORTING SERVICES	TOTAL
Personnel costs:								
Salaries	$ 181,243	$ 9,423	$ 207,439	$ 398,105	$ 69,472	$ 104,403	$ 173,875	$ 571,980
Payroll taxes	14,224	763	16,736	31,723	5,513	7,861	13,374	45,097
Benefits	13,250	711	15,563	29,524	5,120	7,292	12,412	41,936
Subtotal personnel costs	208,717	10,897	239,738	459,352	80,105	119,556	199,661	659,013
Accounting	-	-	-	-	20,194	-	20,194	20,194
Advertising	3,822	8	7,712	11,542	61	571	632	12,174
Bank charges	4,827	191	1,356	6,374	418	652	1,070	7,444
Consulting	319	17	375	711	6,080	1,003	7,083	7,794
Dues and subscriptions	6,989	19	4,004	11,012	213	767	980	11,992
Equipment rental	474	23	722	1,219	440	285	725	1,944
Insurance	1,049	56	1,474	2,579	1,830	580	2,410	4,989
In-kind goods and services	57,348	-	149,424	206,772	-	5,637	5,637	212,409
Gifts	-	-	4,500	4,500	-	-	-	4,500
Licenses	-	-	-	-	4,744	-	4,744	4,744
Meetings	23,996	215	15,832	40,043	681	1,180	1,861	41,904
Office supplies and expenses	250	-	393	643	17	95	112	755
Postage and delivery	2,444	118	1,518	4,080	3,286	-	3,286	7,366
Printing and copying	1,808	5	79	1,892	5,409	1,117	6,526	8,418
Professional fees	3,356	76	4,793	8,225	744	1,688	2,432	10,657
Rent	8,132	-	5,320	13,452	2,339	5,320	7,659	21,111
Telephone	277	38	402	717	184	122	306	1,023
Training	-	-	-	-	79	440	519	519
Travel	827	5	2,116	2,948	6,898	169	7,067	10,015
Website maintenance	714	34	4,416	5,164	185	267	452	5,616
Total	$ 325,349	$ 11,702	$ 444,174	$ 781,225	$ 133,907	$ 139,449	$ 273,356	$ 1,054,581

The accompanying notes are an integral part of these financial statements.

AMERICAN HIKING SOCIETY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (150,924)	$ 21,809
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Amortization of right-of-use asset, operating lease	18,079	17,004
Net depreciation (appreciation) in fair value of investments	(10,289)	(9,538)
Decrease (increase) in assets:		
Grants receivable	(15,301)	(3,824)
Prepaid expenses	(3,865)	(2,501)
Deposits	(340)	-
Increase (decrease) in liabilities:		
Accounts payable	8,829	13,477
Accrued expenses	1,219	11,022
Deferred revenue	56,807	44,316
Deferred ERTC	(95,635)	95,635
Operating lease liability	(18,403)	(16,667)
Net Cash Provided By (Used For) Operating Activities	(209,823)	170,733
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvested interest and dividends, net	(29,995)	(18,540)
Purchases of investments	(10,256)	(12,329)
Proceeds from sales of investments	6,368	4,202
Net Cash Provided By (Used For) Investing Activities	(33,883)	(26,667)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(243,706)	144,066
CASH AND CASH EQUIVALENTS, beginning of year	511,100	367,034
CASH AND CASH EQUIVALENTS, end of year	$ 267,394	$ 511,100
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION NON-CASH OPERATING ACTIVITIES		
Right-of-use assets acquired under operating leases	$ 39,085	$ -
Lease liabilities acquired under operating leases	(39,085)	-
Net Effect on Operating Leases	$ -	$ -

The accompanying notes are an integral part of these financial statements.

NOTE A – NATURE OF THE ORGANIZATION

The American Hiking Society (referred to as "the Society") was founded in October 1976 as a non-stock, nonprofit corporation pursuant to the laws of the Commonwealth of Virginia. The Society's purpose is to encourage public use, appreciation, preservation, and expansion of hiking trails throughout the United States of America. The Society accomplishes its mission by educating and encouraging volunteerism and stewardship designed to protect hiking trails and outdoor recreation. The Society is supported by concerned individuals, businesses, governmental agencies, and other like-minded organizations. The Society is managed by its Board of Directors and has approximately 5,500 volunteers and contributors.

Program Services

The Society carries out various program activities designed to educate and encourage hiking and outdoor recreation, including initiatives designed to protect and enhance hiking trails, encourage volunteerism and community involvement, educational publications and activities, and various legislative and outreach initiatives.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Society prepares its financial statements on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligation is incurred.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit-Entities*. In accordance with the topic, the Society is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, the net assets of the Society and changes therein, are classified and reported as follows:

> *Net Assets without Donor Restrictions* – Net assets not subject to donor-imposed restrictions or stipulations.
>
> *Net Assets with Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met by either actions of the Society and/or the passage of time, or that must be maintained in perpetuity by the Society. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and an increase in net assets without donor restrictions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash and Cash Equivalents

The Society considers all highly liquid investments with a maturity of three months or less to be cash and cash equivalents (with the exception of the amounts that are part of the investments portfolio). Cash and cash equivalents include any cash on hand, checking account balances, and money market accounts. The Society maintains its cash in bank deposit accounts which may, at times, exceed federally insured limits. The Society believes it is not exposed to any significant credit risk on cash and cash equivalents.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection of information and existing economic conditions. Grants deemed uncollectible are charged off. During 2025, $3,309 was written off as bad debt due to it being uncollectible. As of December 31, 2025 and 2024, management had determined that all receivables are collectible within one year or less; therefore an allowance for doubtful accounts has not been established.

Property and Equipment

The Society capitalizes property and equipment acquisitions at cost or estimated fair value at the time of donation and depreciates and amortizes these items using the straight-line method of depreciation and amortization over their estimated useful lives, which range from 3-7 years.

Expenditures for repairs and maintenance that do not extend the useful life of an asset, consumable supplies, and other de minimis items are expensed as incurred.

Investments

Investments are reported at fair value based on quoted market prices, if available. Interest income is recognized on an accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation in fair value of investments is recognized in the period in which such changes occur, and are presented separately on the statements of activities. Investment income is shown net of related investment fees.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Right-of-Use ("ROU") Assets (Operating Leases)

ROU assets are measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, ROU assets are subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received). Operating lease payments are recognized on a straight-line basis over the lease term.

Right-of-Use ("ROU") Liability (Operating Leases)

The Society accounts for leases in accordance with FASB ASC Topic 842. The Society is a lessee in an operating lease for building space. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use assets are amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in a straight-line occupancy expense over the lease term. Variable lease expenses, if any, are recognized when incurred.

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following the lease term, purchase options or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable. The Society has elected to utilize the risk-free rate as the rate of the lease was not readily determinable.

Deferred Revenue

The Society recognized revenue when earned in accordance with the accrual basis of accounting. Accordingly, deferred revenue consists principally of registration fees received in advance of the applicable program activity. As of the beginning of the year ended December 31, 2024, deferred revenue totaled $20,708.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue Recognition

The Society recognizes gifts and donations, including membership dues, when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend on have been substantially met. Contributions, including unconditional promises to give, are recognized as revenue in the period in which the promise is made. Government and foundation grants are recognized as revenue in the period in which such promises or agreements are made, generally when the agreement has been received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor restrictions are recorded as revenue with donor restrictions based on the donor's intent. Gifts and donations expected to be received after one year are discounted using a risk-free interest rate and are used in accordance with the donor-imposed restrictions, if any, on the gifts and donations.

Event registrations and fees and Alliance member support are recognized as revenue in the period in which the event occurs.

Employee Retention Tax Credit

As part of the Coronavirus Aid, Relief and Economic Security Act, the Society applied for received funds related to the Employee Retention Tax Credit (“ERTC”). Revenue related to the ERTC was recognized in accordance with the respective statute of limitation on the ERTC returns. Cash related to the ERTC that has been received but not yet recognized as revenue is reflected as deferred ERTC on the statements of financial position.

In-Kind Goods and Services

In-kind goods are recorded at fair market value at the date of donation. In-kind services are recognized at their fair value if the service requires specialized skills and the services would typically need to be purchased, if not donated. Contributed services that do not meet the above criteria are not recognized.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Society. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses have been allocated between program and supporting services based on an analysis of personnel time and effort and space utilized for the related activities.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications

Certain amounts in the 2024 financial statements have been reclassified to conform to the 2025 presentation.

NOTE C – INCOME TAXES

The Society is a 501(c)(3) entity exempt from federal income tax under Section 501(a) of the Internal Revenue Code. The Society is, however, subject to tax on business income unrelated to its exempt purpose.

The Society believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

The Society's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. The Society's information returns for the years ended December 31, 2022 through 2024 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

The Society regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Society strives to maintain liquid financial assets sufficient to cover six months of general expenditures. Financial assets in excess of daily cash requirements are invested in a brokered investment account which includes money market funds, mutual funds and certificates of deposit. The Society has various sources of liquidity at its disposal including cash, cash equivalents, grants receivable, and brokered investment accounts.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY - continued

In addition to financial assets available to meet general expenditures over the next 12 months, the Society operates with a budget plan to result in a positive change in net assets and anticipates collecting sufficient revenue to cover general expenditures. Timing of revenue receipt also ensures the availability of necessary operational funds. 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 not available to meet general expenditures within one year also may include net assets with donor restrictions, however, the Society expects to utilize any purpose restricted net assets with donor restrictions within one year.

The following table reflects the Society's financial assets as of December 31, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date because of contractual restrictions or internal board designations:

	2025	2024
Cash and cash equivalents	$ 267,394	$ 511,100
Grants receivable	52,216	36,915
Investments	347,552	303,380
Total Financial Assets	667,162	851,395
Less: Net assets with donor restrictions - perpetual in nature	(42,049)	(42,049)
Less: Net assets with donor restrictions - purpose restricted	(19,350)	-
Less: Board designated net assets - reserves	(36,446)	(47,214)
Less: Board designated net assets - opportunity fund	(135,309)	(102,638)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 434,008	$ 659,494

NOTE E – INVESTMENTS AND FAIR VALUE MEASUREMENT

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value hierarchy. That framework provides a fair value that prioritizes the inputs to valuation techniques used to measure fair value. This gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

NOTE E – INVESTMENTS AND FAIR VALUE MEASUREMENT - continued

Level 1 – Inputs are based on unadjusted quoted prices for identical assets traded in an active market that the Society has the ability to access.

Level 2 – Inputs are based on quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

Level 3 - Inputs are unobservable and significant to the overall fair value measurement.

The following valuation methods may produce a fair value calculation that may not be indicative of net realizable value reflective of future fair values. Furthermore, although management believes its valuations methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value of money markets funds is determined by carrying amount, which approximates fair value. The fair values of the Society's mutual funds have been determined from observable market quotations. The fair values of the Society's certificates of deposit have been provided by the Society's investment managers and custodian banks.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE E – INVESTMENTS AND FAIR VALUE MEASUREMENT – continued

The following table presents the Society's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 5	$ -	$ -	$ 5
Mutual Funds:				
Fixed income	178,104	-	-	178,104
Certificates of deposit	-	169,443	-	169,443
Total	$ 178,109	$ 169,443	$ -	$ 347,552

The following table presents the Society's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 5	$ -	$ -	$ 5
Mutual Funds:				
Fixed income	140,468	-	-	140,468
Certificates of deposit	-	162,907	-	162,907
Total	$ 140,473	$ 162,907	$ -	$ 303,380

NOTE F – LEASE COMMITMENTS

The Society leases office space under a non-cancelable operating lease. In May 2020, the Society entered into a one year lease agreement for office spaces located at 8403 Colesville Rd in Silver Spring, Maryland. This lease has been renewed periodically. In June 2023, the Society renewed this lease for a period of two years, beginning October 1, 2023, and ending September 30, 2025. In June 2025, the Society renewed this lease, for an additional two years, beginning October 1, 2025, and ending September 30, 2027. The lease requires total minimum monthly payments of $1,623.

NOTE F – LEASE COMMITMENTS – continued

The following is the balance of the right-of-use asset as of December 31:

	2025	2024
Operating lease ROU assets - building	$ 39,085	$ 34,467
Amortization of ROU operating assets - building	(4,738)	(21,126)
Total Operating ROU Building Assets, Net	$ 34,347	$ 13,341

The following are the future maturities of the operating lease liabilities for the year ending December 31:

2026	$ 19,886
2027	15,798
Total lease payments	35,684
Less: interest	(1,155)
Present Value of Lease Liabilities	$ 34,529

Rent expense incurred by the Society on the operating lease totaled $21,979 and $21,111, respectively, for the years ended December 31, 2025 and 2024, including other operating expenses.

Weighted average operating lease term and discount rate as of December 31, 2025 and 2024, were as follows:

	2025	2024
Weighted average remaining lease term (years):	1.75	0.75
Weighted average discount rate:	3.55%	5.12%

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

The Society's net assets with donor restrictions consist of unexpended resources earmarked by donors for the following programs or purposes as of December 31:

	2025	2024
Life membership endowment	$ 31,449	$ 31,449
Purpose-Restricted Gifts	19,350	-
Galen Rowell National Trails Fund	10,600	10,600
	$ 61,399	$ 42,049

NOTE H – ENDOWMENT FUNDS

The Society's endowments consist of two individual endowment funds called Life Member Endowment and *Galen Rowell* National Trails Fund. These were established to provide financial stability and support for national trails initiatives. The endowment funds were created from contributions restricted by donors for the establishment of the endowments.

The Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift at the time of donation for the donor-restricted endowment funds absent any explicit donor stipulation to the contrary.

Accordingly, the Society classifies the original value of restricted donations and the original value of additional donations to the fund, as net assets with donor restrictions. The Society classifies accumulations of the fund in accordance with the original donors' gift instruments, which are with donor restrictions for the *Galen Rowell* National Trails Fund and for the Life Membership Endowment. Accumulations of the fund are subject to appropriation under UPMIFA.

In accordance with UPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate internally designated or donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purpose of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) other resources of the Society, and (7) the Society's investment policies.

NOTE H – ENDOWMENT FUNDS – continued

The Society's investment policy calls for a well-diversified investment portfolio, including cash and cash equivalents, mutual funds - fixed income, and certificates of deposit to provide adequate liquidity and manage risk and inflation and provide for an overall reasonable market return. The Society expects its endowment assets to produce an average rate of return commensurate with market returns over the long-term for similar type investments. Investment risk is managed in an attempt to also ensure the preservation of capital under prudent investment policy, including economic, inflationary and other factors.

Spending Policies: The corpus of the Life Member Endowment was designed to ensure stability and legacy funding in support of the Society's exempt purposes with any earnings thereon directed to such initiatives. The corpus of the *Galen Rowell* National Trails Fund was to fund a donor restricted endowment in the honor of Galen Rowell with any earnings thereon used to acquire, maintain, and improve hiking trails.

In establishing its spending policies, the Society considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, some of which are required to be held in perpetuity as net assets with donor restrictions as directed by the original donor, and the possible effects of risk, inflation, and other economic matters. The Society expects its spending policies to allow its endowment funds to grow at a nominal average annual rate of 6%. This is consistent with the Society's objective to maintain the purchasing power of the endowment funds as well as provide additional growth from investments and new gifts.

Endowment funds consisted of the following as of December 31, 2025:

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions - Perpetual in Nature	Total
Life membership endowment	$ 11,351	$ 31,449	$ 42,800
Galen Rowell National Trails Fund	-	10,600	10,600
End of the year	$ 11,351	$ 42,049	$ 53,400

NOTE H – ENDOWMENT FUNDS – continued

Changes in endowment net assets were as follows for the year ended December 31, 2025:

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions - Perpetual in Nature	Total
Endowment net assets, beginning of year	$ 6,387	$ 42,049	$ 48,436
Investment gain, net	4,964	-	4,964
End of the year	$ 11,351	$ 42,049	$ 53,400

Endowment assets consisted of $42,800 in mutual funds – fixed income and $10,600 in cash and cash equivalents as of December 31, 2025.

Endowment funds consisted of the following as of December 31, 2024:

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions - Perpetual in Nature	Total
Life membership endowment	$ 6,387	$ 31,449	$ 37,836
Galen Rowell National Trails Fund	-	10,600	10,600
End of the year	$ 6,387	$ 42,049	$ 48,436

Changes in endowment net assets were as follows for the year ended December 31, 2024:

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions - Perpetual in Nature	Total
Endowment net assets, beginning of year	$ 1,610	$ 42,049	$ 43,659
Investment gain, net	4,777	-	4,777
End of the year	$ 6,387	$ 42,049	$ 48,436

Endowment assets consisted of $37,836 in mutual funds – fixed income and $10,600 in cash and cash equivalents as of December 31, 2024.

NOTE H – ENDOWMENT FUNDS – continued

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Society is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. As of December 31, 2025 and 2024, funds with an original gift value of $42,049 were reported in net assets with donor restrictions.

NOTE I – IN-KIND DONATIONS AND SERVICES

The Society recognized in-kind donations of hiking equipment and contributed advertising services totaling $269,834 and $212,409, respectively, during the years ended December 31, 2025 and 2024. The Society allocates the in-kind donations and contributed services in accordance with its functional allocation of expenses as described above. The in-kind donations and contributed services are allocated to the program and fundraising services. There were no donor-imposed restrictions on the in-kind donations of hiking equipment and contributed advertising services.

The Society also receives a significant amount of support from its board members and volunteers. No amounts were recognized in the accompanying financial statements for contributed volunteer services as they did not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

NOTE J – RETIREMENT PLAN

The Society has a contributory tax-deferred annuity retirement plan under IRC Section 403(b). All employees meeting certain minimum requirements are eligible to participate in the retirement plan. The Society suspended discretionary matching contributions to the retirement plan in February 2009. Accordingly, no matching contributions were incurred by the Society during the years ended December 31, 2025 and 2024.

NOTE K – BOARD DESIGNATED ASSETS – RESERVES

Board designated net assets are net assets without donor restrictions that have been earmarked by the Board of Directors for future reserves. As of December 31, 2025 and 2024, board designated reserves totaled $36,446 and $47,214, respectively.

In 2021, the Society established the Opportunity Fund, a board designated quasi-endowment without donor restrictions. The Opportunity Fund intended for legacy projects such as the naming of a public trail, promoting of education opportunities for trail stewardship and maintenance, and creation of a youth scholarship fund for trail stewardship. Accordingly, investment returns on this fund can be used immediately for operational expenditures.

NOTE L - BOARD DESIGNATED QUASI-ENDOWMENT – OPPORTUNITY FUND

The Board designated quasi-endowment – Opportunity Fund's principal amount is intended to be held in perpetuity. However, withdrawals can be made at the recommendation of the Society's Executive Director and Board of Directors, who may recommend withdrawals as opportunities arise, or liquidation of the entire fund balance for an opportunity of sufficient merit. A separate investment account was set up, in which all amounts in the Opportunity Fund are held for the purpose of preserving principal. Quasi-endowment assets consisted of $135,309 in mutual funds as of December 31, 2025 and $102,638 in mutual funds as of December 31, 2024.

Quasi-endowment net assets activity consisted of the following for the year ended December 31, 2025:

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions	Total
Beginning of the year	$ 102,638	$ -	$ 102,638
Current year board designations	17,500	-	17,500
Investment return, net	15,171	-	15,171
End of the year	$ 135,309	$ -	$ 135,309

Quasi-endowment net assets activity consisted of the following for the year ended December 31, 2024:

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions	Total
Beginning of the year	$ 78,436	$ -	$ 78,436
Current year board designations	12,500	-	12,500
Investment return, net	11,702	-	11,702
End of the year	$ 102,638	$ -	$ 102,638

NOTE M – COMMITMENTS AND CONTINGENCIES

Disputes and Disagreements: The Society is periodically party to various disputes and disagreements that occur in the normal course of operation. The Society is contingently liable for any action not covered by insurance. As of December 31, 2025 and 2024, the Society was unaware of any significant pending or threatened litigation, claims, or assessments. Accordingly, no liabilities were accrued for such contingencies in the accompanying financial statements.

Volunteer Vacations and Alternative Breaks: The Society has a long-standing program whereby volunteers take vacations and donate their time helping to improve and maintain hiking trails. The Society sponsors volunteer vacations whereby volunteers register to take one or two-week vacations to support improvements and maintenance of hiking trails through the United States of America. The Society also sponsors weekend trips or abbreviated trips which are four days in length. Given the nature of the program, there are risks associated with the program whereby volunteers could be injured or suffer other harm. Although the Society fully disclaims any liabilities for accidents which may occur by volunteers and also retains minimum liability insurance, there are certain risks and uncertainties associated with this program activity. The Society has not accrued any liabilities or this uncertainty in the accompanying financial statements.

NOTE N – SUBSEQUENT EVENTS

In preparing these financial statements, the Society's management has evaluated events and transactions for potential recognition or disclosure through September 9, 2026, the date the financial statements were available to be issued. There were no additional events or transactions, that were discovered during the evaluation that required further recognition or disclosure.