

**NEW YORK-NEW JERSEY TRAIL CONFERENCE, INC.**

**Financial Statements**

**December 31, 2017 and 2016**

**With Independent Auditors' Reports**

**New York-New Jersey Trail Conference, Inc.**  
**December 31, 2017 and 2016**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of New York – New Jersey Trail Conference, Inc. (the “Trail Conference”), which comprise the statements of financial position as of December 31, 2017 and 2016, 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.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors’ Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trail Conference’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trail Conference’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York – New Jersey Trail Conference, Inc. as of December 31, 2017 and 2016, 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.



May 1, 2018

**New York - New Jersey Trail Conference, Inc.**  
**Statements of Financial Position**  
**December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 481,695	\$ 295,268
Investments	4,453,866	4,560,000
Accounts receivable	111,983	96,127
Grants receivable	549,085	355,713
Pledges receivable	95,606	124,350
Prepaid expenses and other current assets	<u>21,028</u>	<u>25,328</u>
Total current assets	5,713,263	5,456,786
Construction in progress	6,785	2,025
Property and equipment, net	4,110,234	4,255,268
Website, net	99,509	81,152
Other assets		
Investments held for the Land Acquisition and Stewardship Fund	672,639	817,733
Pledges receivable, net of current portion and pledge discount	424,845	478,437
Trail land and easements	764,026	533,905
Security deposits	<u>--</u>	<u>6,331</u>
Total other assets	<u>1,861,510</u>	<u>1,836,406</u>
Total assets	<u>\$ 11,791,301</u>	<u>\$ 11,631,637</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 227,989	\$ 153,484
Capital lease payable	12,901	12,273
Deferred membership income	<u>136,345</u>	<u>132,219</u>
Total current liabilities	377,235	297,976
Long-term liabilities		
Capital lease payable, net of current portion	<u>204,037</u>	<u>216,938</u>
Total liabilities	581,272	514,914
Net assets		
Unrestricted	8,767,702	8,741,708
Temporarily restricted	<u>2,442,327</u>	<u>2,375,015</u>
Total net assets	<u>11,210,029</u>	<u>11,116,723</u>
	<u>\$ 11,791,301</u>	<u>\$ 11,631,637</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, 2017 and 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenues						
Membership dues	\$ 266,836	\$ --	\$ 266,836	\$ 268,446	\$ --	\$ 268,446
Contributions						
Individuals and foundations	524,912	300,631	825,543	373,848	643,912	1,017,760
Bequests	100,000	195,745	295,745	74,906	--	74,906
Grants and contracts	760,849	--	760,849	928,684	--	928,684
Sales of maps, books and other items	256,183	--	256,183	281,922	--	281,922
Other income	30,369	--	30,369	35,048	--	35,048
Gain on sale of trail lands and easements	3,626	--	3,626	--	--	--
In-kind contributions	205,300	--	205,300	156,835	--	156,835
	<u>2,148,075</u>	<u>496,376</u>	<u>2,644,451</u>	<u>2,119,689</u>	<u>643,912</u>	<u>2,763,601</u>
Net assets released from restrictions	<u>523,335</u>	<u>(523,335)</u>	<u>--</u>	<u>689,296</u>	<u>(689,296)</u>	<u>--</u>
	<u>2,671,410</u>	<u>(26,959)</u>	<u>2,644,451</u>	<u>2,808,985</u>	<u>(45,384)</u>	<u>2,763,601</u>
Expenses						
Program services						
Trail programs	1,980,852	--	1,980,852	2,058,963	--	2,058,963
Publications	191,446	--	191,446	199,347	--	199,347
Darlington Headquarters	111,532	--	111,532	132,856	--	132,856
Membership	484,890	--	484,890	382,290	--	382,290
	<u>2,768,720</u>	<u>--</u>	<u>2,768,720</u>	<u>2,773,456</u>	<u>--</u>	<u>2,773,456</u>
Supporting services						
Management and general	331,496	--	331,496	301,025	--	301,025
Fundraising	190,458	--	190,458	205,997	--	205,997
	<u>521,954</u>	<u>--</u>	<u>521,954</u>	<u>507,022</u>	<u>--</u>	<u>507,022</u>
	<u>3,290,674</u>	<u>--</u>	<u>3,290,674</u>	<u>3,280,478</u>	<u>--</u>	<u>3,280,478</u>
Change in net assets from operations	(619,264)	(26,959)	(646,223)	(471,493)	(45,384)	(516,877)
Non-operating revenue						
Investment income, net	<u>645,258</u>	<u>94,271</u>	<u>739,529</u>	<u>285,710</u>	<u>67,025</u>	<u>352,735</u>
Changes in net assets	25,994	67,312	93,306	(185,783)	21,641	(164,142)
Net assets, beginning of year	<u>8,741,708</u>	<u>2,375,015</u>	<u>11,116,723</u>	<u>8,927,491</u>	<u>2,353,374</u>	<u>11,280,865</u>
Net assets, end of year	<u>\$ 8,767,702</u>	<u>\$ 2,442,327</u>	<u>\$ 11,210,029</u>	<u>\$ 8,741,708</u>	<u>\$ 2,375,015</u>	<u>\$ 11,116,723</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, 2017 and 2016**

	2017	2016
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 93,306	\$ (164,142)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities		
Depreciation and amortization	185,996	172,144
Unrealized gain on investments	(307,697)	(376,420)
Realized (gain) loss on investments	(236,099)	141,742
(Gain) loss on sale of trail lands and easements	(3,626)	36,408
Loss on disposal of fixed assets	228	
Net present value adjustment on pledges receivable	6,484	(1,054)
Donated property and equipment	1,022	(17,754)
Donation of trail lands and easements	27,000	344,000
Changes in assets and liabilities		
Accounts receivable	(15,856)	(42,904)
Grants receivable	(193,372)	53,237
Pledge receivable	75,852	57,327
Prepaid expenses and other current assets	4,300	(13,728)
Security deposits	6,331	83,669
Accounts payable and accrued expenses	74,505	38,905
Deferred membership income	4,126	(6,037)
Net cash (used) provided by operating activities	<u>(277,500)</u>	<u>305,393</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(10,883)	(32,360)
Website development costs	(49,686)	(92,745)
Change in construction in progress	(4,760)	(2,025)
Purchase of trail lands and easements	(347,121)	(475,873)
Sale of trail lands and easements	93,626	413,592
Purchase of investments	(1,279,035)	(4,493,353)
Proceeds from the sale of investments	<u>2,074,059</u>	<u>2,199,327</u>
Net cash provided (used) by investing activities	476,200	(2,483,437)
<b>Cash flows from financing activities</b>		
Payment on capital lease	<u>(12,273)</u>	<u>(11,675)</u>
Net change in cash and cash equivalents	186,427	(2,189,719)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>295,268</u>	<u>2,484,987</u>
End of year	<u>\$ 481,695</u>	<u>\$ 295,268</u>
<b>Supplemental disclosure of cash flow information</b>		
No amounts were paid for interest or income taxes for the years ended December 31, 2017 and 2016.		
<b>Non cash transactions</b>		
Donated property and equipment	<u>\$ 1,022</u>	<u>\$ 17,754</u>
Donation of trail lands and easements	<u>\$ 27,000</u>	<u>\$ 344,000</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, 2017**

	<b>Trail Programs</b>	<b>Publications</b>	<b>Darlington Headquarters</b>	<b>Membership</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 1,023,927	\$ 74,274	\$ --	\$ 265,136	\$ 1,363,337	\$ 190,238	\$ 105,830	\$ 1,659,405
Payroll taxes and fringes	171,855	12,466	--	44,500	228,821	31,929	17,763	278,513
Professional services	70,868	4,634	--	84,157	159,659	8,880	5,987	174,526
Occupancy	50,193	1,315	3,790	4,694	59,992	3,368	1,875	65,235
Office expense	70,437	83,148	--	33,304	186,889	5,976	29,292	222,157
Insurance	32,601	1,807	--	6,452	40,860	4,629	2,575	48,064
Trail development costs	299,277	--	--	--	299,277	--	--	299,277
Travel	33,957	556	93	947	35,553	1,168	2,370	39,091
Dues and fees	15,715	160	--	95	15,970	2,416	457	18,843
In-kind expenses	127,862	452	--	800	129,114	61,274	13,890	204,278
Workshops and meetings	31,676	567	--	630	32,873	4,970	189	38,032
Other operating expenses	9,089	12,067	--	10	21,166	253	8,838	30,257
Land preservation expenditures	27,000	--	--	--	27,000	--	--	27,000
Depreciation and amortization	16,395	--	107,649	44,165	168,209	16,395	1,392	185,996
	<u>\$ 1,980,852</u>	<u>\$ 191,446</u>	<u>\$ 111,532</u>	<u>\$ 484,890</u>	<u>\$ 2,768,720</u>	<u>\$ 331,496</u>	<u>\$ 190,458</u>	<u>\$ 3,290,674</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, 2016**

	<u>Trail Programs</u>	<u>Publications</u>	<u>Darlington Headquarters</u>	<u>Trail Membership</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 780,270	\$ 69,388	\$ 8,867	\$ 221,272	\$ 1,079,797	\$ 167,153	\$ 127,525	\$ 1,374,475
Payroll taxes and fringes	139,954	12,446	1,591	39,689	193,680	29,981	22,874	246,535
Professional services	83,765	6,556	676	63,296	154,293	12,733	7,152	174,178
Occupancy	30,210	2,687	343	8,567	41,807	6,471	4,938	53,216
Office expense	63,529	91,852	859	22,977	179,217	28,960	28,046	236,223
Insurance	25,391	2,258	289	7,201	35,139	5,438	4,150	44,727
Trail development costs	336,581	--	329	--	336,910	--	--	336,910
Travel	32,519	1,019	75	260	33,873	1,661	2,358	37,892
Dues and fees	7,782	736	--	100	8,618	1,357	75	10,050
In-kind expenses	111,112	768	--	--	111,880	23,474	3,727	139,081
Workshops and meetings	34,749	875	--	1,403	37,027	5,453	152	42,632
Other operating expenses	14,412	10,762	--	3,271	28,445	78	3,484	32,007
Loss on sale of trail lands and easements	36,408	--	--	--	36,408	--	--	36,408
Land preservation expenditures	344,000	--	--	--	344,000	--	--	344,000
Depreciation and amortization	18,281	--	119,827	14,254	152,362	18,266	1,516	172,144
	<u>\$ 2,058,963</u>	<u>\$ 199,347</u>	<u>\$ 132,856</u>	<u>\$ 382,290</u>	<u>\$ 2,773,456</u>	<u>\$ 301,025</u>	<u>\$ 205,997</u>	<u>\$ 3,280,478</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, 2017 and 2016**

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**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 Trail Conference is committed to developing, building and maintaining trails, protecting trails through support and advocacy, and educating the public in the responsible use of trails and the natural environment; and in connection therewith, publishes trail guide books and maps. The primary sources of funding are contract income, membership dues, grants, contributions, publications and land sales.

The Trail Conference maintains its office in Mahwah, New Jersey.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

External 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. The unrestricted net asset category represents net assets that are not subject to donor imposed restrictions, the temporarily restricted net asset category represents net assets that are subject to time or purpose donor imposed restrictions and the permanently restricted net asset category represents net assets that are subject to donor imposed restrictions that cannot be satisfied by either time or by actions of the Trail Conference. During the years ended December 31, 2017 and 2016, the Trail Conference had accounting transactions in the unrestricted and temporarily restricted net asset categories.

**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 Trail Conference's programs and supporting activities. Non-operating activities principally include investment income.

**Revenue and Support Recognition**

Membership dues are collected annually and recognized over the applicable membership period.

The Trail Conference recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified and reported in the statements of activities and changes in net assets as net assets released from restrictions.

The Trail Conference recognizes as earned those contract revenues which have been determined to be exchange transactions in the statements of activities and changes in net assets to the extent that expenses have been incurred for the purpose specified by the grantor during the period. Program revenues received in advance of their usage are classified as deferred revenue in the statements of financial position. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance.

Unrestricted revenues are obtained from the sale of maps, books and other items. These revenues are recorded when the merchandise is sold and are used to offset program expenses as well as management and general and fundraising expenses.

**New York - New Jersey Trail Conference, Inc.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

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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, 2017 and 2016 were valued at \$205,300 and \$156,835, respectively, of which \$1,022 and \$17,754, respectively were capitalized. The Trail Conference received 94,010 and 102,639 hours of volunteer services for the years ended December 31, 2017 and 2016, respectively, which did not meet the criteria above.

**Investments**

Investments 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 unrestricted net assets unless the use was restricted by explicit donor stipulations or by law.

**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.

**Property and Equipment**

Office furniture and equipment is 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.

The principal rates for computing depreciation by major asset category are as follows:

<b>Description</b>	<b>Estimated Life (Years)</b>
Building and building improvements	15 - 40
Office furniture	10
Equipment and software	3 - 10

**Website**

Website development costs are amortized over its estimated useful life of 4 years.

**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:

- Trail Programs - The New York-New Jersey Trail Conference is the region's leading nonprofit organization dedicated to building, maintaining, and protecting trails and the lands they traverse. Since 1920, the Trail Conference has been partnering with land managers and mobilizing volunteers and advocates to conserve the trails and parks that belong to us all. We act to preserve the integrity of trails and natural areas and inspire a deeper appreciation for the care that open space requires.
- 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, the *Trail Walker* newsletter, and our website.

**New York - New Jersey Trail Conference, Inc.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

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- 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.
- Membership - The Trail Conference is a vigilant force in ensuring that the trails and natural areas we share are sustainable and accessible for all to enjoy for generations to come. More than 10,000 Trail Conference members join their voices to speak up for issues affecting the protection of our parklands. Membership directly supports our mission to create and protect a network of public trails in the greater New York metropolitan area.

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.

**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.

**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.

**Concentrations of Credit Risk**

The Trail Conference's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, investments, grants receivables and contributions receivable. Management maintains funds in high quality institutions to lessen the amount of uninsured exposure. Although subject to market fluctuations this investment policy somewhat limits the Trail Conference's exposure to concentrations of credit risk. The Trail Conference has a long standing history of collecting its pledges and contributions receivable which are from various individuals, corporations and foundations. An allowance for uncollectible accounts is normally recorded in the financial statements for any amounts considered uncollectible.

**Income Taxes**

New York - New Jersey Trail Conference, Inc. 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, 2017 and 2016. The Trail Conference did not have any income tax related penalties or interest for the periods presented in these statements.

**Fair Value of Financial Instruments**

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable and grants and contribution receivables, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

**Reclassifications**

Certain reclassifications have been made to prior year financial statements to conform to the current year presentation. There was no impact on the changes in net assets or reported amounts of net assets.

**New Accounting Pronouncements**

*Not-For-Profit Reporting*

In August 2016 the FASB issued ASU 2016-14 - Not-for-profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-profit Entities*. ASU 2016-14, which is effective for fiscal years beginning after December 15, 2017 with early adoption permitted, will require a change to two areas of not-for-profit accounting and significant new financial statement presentation and disclosure requirements. Under ASU 2016-14 (the "ASU") underwater funds will be accounted for within net assets with donor restrictions and not within net assets without donor restrictions as is the current practice. In addition, the ASU eliminates the accounting policy election to release donor imposed restrictions over the useful life of donated property and equipment when the donor does not explicitly specify the period of time the property must be used. Instead, entities will be required to relieve the donor's restrictions at the time the asset is placed in service. In addition to the above disclosures the ASU changes the presentation and disclosure requirements of not-for-profit entities in the following areas: expense disclosures, display of net asset classes, cash flow presentation, quantitative and qualitative liquidity disclosures and presentation of investment returns. The Trail Conference is currently evaluating the impact these changes will have on its future financial statements.

*Revenue Recognition*

In May 2014, Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), which provides a comprehensive new revenue recognition model that requires a company to recognize revenue in an amount that reflects the consideration it expects to receive for the transfer of promised goods or services to its customers. The standard, including subsequent amendments, was codified as Topic 606 and requires additional disclosure regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Topic 606 is effective for annual periods beginning after December 15, 2018 and interim periods beginning after December 15, 2019. The ASU is to be applied retrospectively or using a cumulative effect transition method. The Trail Conference is currently evaluating the effect that these pronouncements will have on its financial statements and related disclosures.

*Leases*

In February 2016, FASB issued 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, 2019. The Trail Conference is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

**3. 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).

**New York - New Jersey Trail Conference, Inc.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

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

	<b>2017</b>		<b>2016</b>	
	<b>Cost</b>	<b>Market (Level 1)</b>	<b>Cost</b>	<b>Market (Level 1)</b>
Money market funds	\$ 146,090	\$ 146,090	\$ 170,932	\$ 170,932
Equity funds	2,743,784	3,404,600	3,472,328	3,830,782
Equities	15,243	20,006	--	--
Bond funds	1,403,854	1,437,839	1,145,376	1,170,678
Mutual funds	98,653	117,970	176,399	205,341
	<u>4,407,624</u>	<u>5,126,505</u>	<u>4,965,035</u>	<u>5,377,733</u>
Less: Investments held for the Land Acquisition and Stewardship Fund	<u>(499,664)</u>	<u>(672,639)</u>	<u>(774,722)</u>	<u>(817,733)</u>
	<u>\$ 3,907,960</u>	<u>\$ 4,453,866</u>	<u>\$ 4,190,313</u>	<u>\$ 4,560,000</u>

Investment income consisted of the following at December 31:

	<b>2017</b>	<b>2016</b>
Interest and dividends	\$ 216,542	\$ 138,387
Realized gain (loss)	236,099	(141,742)
Unrealized gain	307,697	376,420
Investment advisory fees	<u>(20,809)</u>	<u>(20,330)</u>
	<u>\$ 739,529</u>	<u>\$ 352,735</u>

**4. GRANTS RECEIVABLE**

Grants receivable consist of the following at December 31:

	<b>2017</b>	<b>2016</b>
New York State Environmental Protection Fund	\$ --	\$ 188,751
New York State Department of Environmental Conservation	240,883	82,478
New York State Office of Parks, Recreation and Historic Preservation	230,431	15,295
New Jersey Department of Environmental Protection	60,434	58,103
Other	<u>17,337</u>	<u>11,086</u>
	<u>\$ 549,085</u>	<u>\$ 355,713</u>

The Trail Conference's grant contracts span multiple years and provides for cost reimbursement of \$2,295,813 with remaining available funding under the contracts through 2022 of approximately \$359,571. This funding is conditioned upon the Trail Conference incurring qualified expenses, complying with matching requirements, and certain deliverables.

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**5. PLEDGES RECEIVABLE**

Pledges receivable at December 31, consisted of the following:

	<b>2017</b>	<b>2016</b>
Pledges expected to be collected		
In one year or less	\$ 98,309	\$ 124,350
Between one and five years	220,000	220,000
More than five years	<u>240,188</u>	<u>289,999</u>
	558,497	634,349
Less: Discount to present value	<u>(38,046)</u>	<u>(31,562)</u>
	<u>\$ 520,451</u>	<u>\$ 602,787</u>

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

**6. PROPERTY AND EQUIPMENT**

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

<b>Asset Description</b>	<b>Useful Life (Years)</b>	<b>2017</b>	<b>2016</b>
Land	N/A	\$ 221,340	\$ 221,340
Building and improvements	15 - 40	4,021,223	4,021,223
Furniture and fixtures	10	177,426	177,426
Software	3	35,990	35,990
Equipment	3 - 10	<u>95,449</u>	<u>89,692</u>
		4,551,428	4,545,671
Less: Accumulated depreciation	N/A	<u>(441,194)</u>	<u>(290,403)</u>
		<u>\$ 4,110,234</u>	<u>\$ 4,255,268</u>

Depreciation expense charged to operations amounted to \$154,667 and \$160,551 for the years ended December 31, 2017 and 2016, respectively.

**7. WEBSITE**

The Trail Conference re-developed their website which added significant new functionality. The cost and accumulated amortization on the website consisted of the following at December 31:

	<b>Useful Life (Years)</b>	<b>2017</b>	<b>2016</b>
Website	4	\$ 142,431	\$ 92,745
Accumulated amortization	N/A	<u>(42,922)</u>	<u>(11,593)</u>
Website, net		<u>\$ 99,509</u>	<u>\$ 81,152</u>

Amortization expense amounted to \$31,329 and \$11,593 at December 31, 2017 and 2016, respectively. Future amortization is as follows: 2018 - \$35,608; 2019 - \$35,608, 2020 - \$22,083, 2021 - \$6,210.

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**8. NET ASSETS**

Components of unrestricted net assets at December 31 were as follows:

	<b>2017</b>	<b>2016</b>
Available for general operations	\$ 543,330	\$ 410,830
Board designated Legacy Fund	4,024,782	4,021,644
Board designated funds for the Land Acquisition and Stewardship Fund	200,000	200,000
Investment in property and equipment	<u>3,999,590</u>	<u>4,109,234</u>
	<u>\$ 8,767,702</u>	<u>\$ 8,741,708</u>

**Land Acquisition and Stewardship Fund**

The Trail Conference acquires privately owned land as part of its trail planning and protection program. Trail land is held for conservation purposes. The Trail Conference's intention is to sell these lands to governmental or non-profit entities which will preserve the property as trail lands open for public use. These lands were purchased with funds provided by the Land Acquisition and Stewardship Fund which constitutes a temporarily restricted revolving loan fund and are maintained as part of that fund with eventual proceeds used to replenish the fund.

**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.

Components of temporarily restricted net assets at December 31 were as follows:

	<b>2017</b>	<b>2016</b>
Temporarily restricted - restricted by donor for programmatic use as follows		
Trails land work and related projects	\$ 465,859	\$ 423,689
Other	22,964	128,394
LASF	<u>1,528,659</u>	<u>1,344,494</u>
	2,017,482	1,896,577
Temporarily restricted based on time restrictions	<u>424,845</u>	<u>478,438</u>
	<u>\$ 2,442,327</u>	<u>\$ 2,375,015</u>

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

	<b>2017</b>	<b>2016</b>
Trails land work and related projects	\$ 444,153	\$ 295,752
Other	11,223	223,079
LASF	14,365	58,792
Time restricted	<u>53,594</u>	<u>111,673</u>
Temporarily restricted net assets released	<u>\$ 523,335</u>	<u>\$ 689,296</u>

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**9. 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 who have been employed by the Trail Conference are eligible to enroll in the plan. The Trail Conference matches 50 percent of the employee's contribution up to 6 percent of salary after 6 months of employment. The contributions for the years ended December 31, 2017 and 2016 were \$26,134 and \$27,482, respectively. Vesting of the employer match is as follows:

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

**10. LEASES**

**Capital Lease**

The Trail Conference entered into a non-interest 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, 2017 and 2016 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 \$61,787 and \$37,072 for the years ended December 31, 2017 and 2016, respectively. Depreciation expense for the capital lease asset amounted to \$24,714 for each of the years ended December 31, 2017 and 2016. The lease will be repaid over fifteen years with annual payments of approximately \$24,000 discounted at 5 percent.

Capital lease payable was as follows at December 31:

	<b>2017</b>	<b>2016</b>
Capital lease payable	\$ 298,725	\$ 322,725
Less: Discount to net present value	<u>(81,787)</u>	<u>(93,514)</u>
	216,938	229,211
Less: Current maturities	<u>12,901</u>	<u>12,273</u>
	<u>\$ 204,037</u>	<u>\$ 216,938</u>

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

<b>Year</b>	<b>Amount</b>
2018	\$ 24,000
2019	24,000
2020	24,000
2021	24,000
2022	24,000
Thereafter	<u>178,725</u>
	298,725
Less: Imputed interest	<u>81,787</u>
Capital lease payable	<u>\$ 216,938</u>



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**11. RELATED PARTIES**

The Trail Conference received contributions from board members totalling approximately \$53,000 and \$51,000 for the years ended December 31, 2017 and 2016, respectively.

**12. CONCENTRATIONS OF CREDIT RISK**

The Train Conference received approximately 14 percent of its revenue from one funding source for the year ended December 31, 2017. No funding sources provided more than 10 percent of revenue for the year ended December 31, 2016.

**13. COMMITMENT AND CONTINGENCIES**

**Easements**

As a condition of the donation of certain lands to the Sterling Forest New York State 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, NJ 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 our shared property.
- Conservation & 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.

**14. SUBSEQUENT EVENTS**

The Trail Conference has evaluated subsequent events occurring after the statement of financial position date through the date of May 1, 2018, the date the financial statements were available for release. Based upon this evaluation, the Trail Conference has determined that no subsequent events have occurred which require disclosure in or adjustment to the financial statements.