

APPALACHIAN MOUNTAIN CLUB

**CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

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APPALACHIAN MOUNTAIN CLUB

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Appalachian Mountain Club
Boston, Massachusetts

Opinion

We have audited the accompanying consolidated financial statements of Appalachian Mountain Club, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Appalachian Mountain Club as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Appalachian Mountain Club 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Appalachian Mountain Club's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Appalachian Mountain Club 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Appalachian Mountain Club 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.

Tonneson & Company, PC

Wakefield, Massachusetts
August 11, 2025

APPALACHIAN MOUNTAIN CLUB

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Assets:		
Cash and Cash Equivalents	\$ 14,609,617	\$ 14,352,434
Accounts Receivable, net	750,161	1,158,298
Pledges Receivable, net	2,294,715	497,876
Prepaid Expenses and Other Assets	2,674,881	2,094,510
Advanced Deposit on Future Land Purchase (See Note K)	4,057,765	4,057,765
Inventories	1,008,982	1,095,774
Property and Equipment, net	96,607,951	95,220,924
Investments, at fair value	101,138,281	96,764,899
Beneficial Interest in Trust	1,420,559	1,355,316
Total Assets	\$ <u>224,562,912</u>	\$ <u>216,597,796</u>
Liabilities:		
Accounts Payable	\$ 820,535	\$ 900,605
Accrued Expenses and Other Liabilities	1,612,687	1,020,721
Annuity Payments Liability	305,532	277,211
Deferred Revenue	4,111,554	3,852,133
Deferred Membership Revenue	579,687	548,056
Program-Related Investment Loans Payable (See Note G)	4,100,000	4,100,000
Total Liabilities	<u>11,529,995</u>	<u>10,698,726</u>
Net Assets:		
Without Donor Restrictions:		
Undesignated	10,915,817	11,522,127
Invested in Property and Equipment	96,607,951	95,220,924
Designated by Board for Endowment	65,769,644	63,269,247
	<u>173,293,412</u>	<u>170,012,298</u>
With Donor Restrictions	39,739,505	35,886,772
Total Net Assets	<u>213,032,917</u>	<u>205,899,070</u>
Total Liabilities and Net Assets	\$ <u>224,562,912</u>	\$ <u>216,597,796</u>

See Notes to Consolidated Financial Statements.

APPALACHIAN MOUNTAIN CLUB
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024				2023			
	Net Assets Without Donor Restrictions Operating	Net Assets Without Donor Restrictions Other	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions Operating	Net Assets Without Donor Restrictions Other	Net Assets With Donor Restrictions	Total
Revenues:								
Contributions and Grants	\$ 7,601,608	\$ 4,245,304	\$ 5,626,484	\$ 17,473,396	\$ 6,891,968	\$ 11,238,359	\$ 3,985,917	\$ 22,116,244
Membership	2,567,014	-	-	2,567,014	2,535,195	-	-	2,535,195
Outdoor Program Centers	13,139,020	-	-	13,139,020	12,534,053	3,210	-	12,537,263
Programs	5,246,228	44,680	-	5,290,908	5,144,626	30,653	-	5,175,279
Merchandise & Publications	1,938,523	-	-	1,938,523	2,248,570	-	-	2,248,570
Rental, Interest, & Other	1,101,164	(849,555)	-	251,609	939,348	6,267	-	945,615
Timber, Gravel, & Carbon Credits	424,032	1,138,808	-	1,562,840	312,964	1,073,748	-	1,386,712
Investment Income	197,135	5,576,487	2,466,336	8,239,958	230,025	6,966,031	3,042,287	10,238,343
Endowment Spending Allocation	3,869,847	(2,752,354)	(1,117,493)	-	3,770,590	(2,652,888)	(1,117,702)	-
Special Project Funding	2,486,397	(2,486,397)	-	-	2,877,031	(2,877,031)	-	-
Support Transfer	1,197,210	(1,197,210)	-	-	108,049	(108,049)	-	-
Change in Value of Split Interest Agreements	-	-	18,152	18,152	-	-	103,350	103,350
Contributed Services	2,850	-	-	2,850	2,850	-	-	2,850
Releases of Restricted Net Assets	1,402,702	1,738,044	(3,140,746)	-	2,376,083	2,088,947	(4,465,030)	-
Total Revenues	41,173,730	5,457,807	3,852,733	50,484,270	39,971,352	15,769,247	1,548,822	57,289,421
Expenses:								
Member Services	1,098,918	-	-	1,098,918	1,429,902	-	-	1,429,902
Outdoor Program Centers	14,535,391	821,923	-	15,357,314	13,930,780	743,996	-	14,674,776
Programs	12,952,287	785,274	-	13,737,561	13,232,222	868,114	-	14,100,336
Merchandise & Publications	1,783,013	-	-	1,783,013	1,825,234	-	-	1,825,234
Rental, Interest, & Other	1,115,827	230,273	-	1,346,100	1,140,422	-	-	1,140,422
Administrative	6,990,083	277,392	-	7,267,475	5,829,300	211,495	-	6,040,795
Fundraising	2,197,671	562,371	-	2,760,042	2,407,708	-	-	2,407,708
Total Expenses	40,673,190	2,677,233	-	43,350,423	39,795,568	1,823,605	-	41,619,173
Change in Net Assets Before Transfers	500,540	2,780,574	3,852,733	7,133,847	175,784	13,945,642	1,548,822	15,670,248
Transfer of Operating Surplus	(500,540)	500,540	-	-	(175,784)	175,784	-	-
Total Change in Net Assets	-	3,281,114	3,852,733	7,133,847	-	14,121,426	1,548,822	15,670,248
Net Assets, Beginning of Year	-	170,012,298	35,886,772	205,899,070	-	155,890,872	34,337,950	190,228,822
Net Assets, End of Year	\$ -	\$ 173,293,412	\$ 39,739,505	\$ 213,032,917	\$ -	\$ 170,012,298	\$ 35,886,772	\$ 205,899,070

See Notes to Consolidated Financial Statements.

APPALACHIAN MOUNTAIN CLUB
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 7,133,847	\$ 15,670,248
Adjustments to Reconcile Change in Net Assets to net cash provided by Operating Activities:		
Depreciation and Amortization	2,951,265	2,701,060
Provision for Unfulfilled Pledges	(8,255)	(52,657)
Net Realized and Unrealized Gains on Investments	(7,056,587)	(10,202,180)
Change in Value of Split Interest Agreements	(18,152)	(103,350)
Loss (Gain) on Disposal of Property and Equipment	906,044	(6,267)
Contributions of Investments	(25,000)	(176,304)
Changes in Certain Assets and Liabilities:		
Accounts Receivable	408,137	61,287
Pledges Receivable	(1,788,584)	526,575
Prepaid Expenses and Other Assets	(580,371)	(981,291)
Inventories	86,792	(207,929)
Accounts Payable	(80,070)	(93,027)
Accrued Expenses and Other Liabilities	592,538	178,849
Annuity Payments Liability	13,484	78,740
Deferred Revenue	259,421	(254,241)
Deferred Membership Revenue	31,631	699
Net cash provided by Operating Activities	<u>2,826,140</u>	<u>7,140,212</u>
Cash Flows from Investing Activities:		
Additions to Property and Equipment	(5,299,836)	(10,856,881)
Proceeds from Sale of Property and Equipment	55,500	14,150
Purchases of Investments	(7,997,523)	(8,712,951)
Proceeds from Sale of Investments	10,680,728	12,070,691
Advanced Deposit on Future Land Purchase	-	(4,057,765)
Net cash used in Investing Activities	<u>(2,561,131)</u>	<u>(11,542,756)</u>
Cash Flows from Financing Activities:		
Proceeds from Contributions Restricted for Investments Subject to Annuity Agreements	25,000	176,304
Annuity Payments	(32,826)	(26,938)
Proceeds from Program-Related Investment Loans Payable	-	4,100,000
Net cash provided by (used in) Financing Activities	<u>(7,826)</u>	<u>4,249,366</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>257,183</u>	<u>(153,178)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>14,352,434</u>	<u>14,505,612</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 14,609,617</u>	<u>\$ 14,352,434</u>

Supplemental Data: Cash paid for interest during the year ended December 31, 2024 amounted to \$90,411. There was no cash paid for interest during the year ended December 31, 2023.

APPALACHIAN MOUNTAIN CLUB
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services					Support Services			Total Expenses	
	Member Services	Outdoor Program Centers	Programs	Merchandise & Publications	Rental, Interest & Other	Total Program Services	Administrative	Fundraising		Total Support Services
Salaries	\$ 302,934	\$ 6,827,573	\$ 5,488,926	\$ 270,425	\$ -	\$ 12,889,858	\$ 3,820,503	\$ 1,545,466	\$ 5,365,969	\$ 18,255,827
Payroll Taxes and Fringe Benefits	80,825	1,316,756	1,214,076	70,004	-	2,681,661	998,495	412,261	1,410,756	4,092,417
Program and Volunteer Support	-	122,837	2,628,749	-	-	2,751,586	383	46,319	46,702	2,798,288
Depreciation and Amortization	348	1,774,480	515,439	174	604,810	2,895,251	54,969	1,045	56,014	2,951,265
Professional Fees	163,790	103,584	555,919	97,730	69,444	990,467	755,776	384,541	1,140,317	2,130,784
Office	177,207	553,769	488,772	32,998	7,535	1,260,281	142,873	87,778	230,651	1,490,932
Food and Beverage Supplies	58	1,505,397	132,901	7,620	-	1,645,976	3,047	2,388	5,435	1,651,411
Occupancy	51	1,175,912	253,845	26	426,674	1,856,508	580	153	733	1,857,241
Repairs and Maintenance	-	550,644	734,916	-	117,019	1,402,579	-	-	-	1,402,579
Cost of Goods Sold	-	-	-	965,371	-	965,371	-	-	-	965,371
Information Technology	1,491	82,553	107,251	16,795	1,032	209,122	1,060,451	24,065	1,084,516	1,293,638
Insurance	6,472	596,929	203,075	11,358	102,383	920,217	51,193	17,250	68,443	988,660
Printing and Publications	208,372	3,352	39,373	68,103	-	319,200	6,588	89,811	96,399	415,599
Vehicles	656	113,816	341,870	727	-	457,069	30,358	7,961	38,319	495,388
Travel	892	75,085	187,333	8,219	-	271,529	55,347	24,496	79,843	351,372
Conferences and Meetings	36	4,459	90,200	667	-	95,362	20,086	49,360	69,446	164,808
Marketing and Promotion	57,054	9,325	5,304	1,712	-	73,395	124,956	7,669	132,625	206,020
Bank and Credit Card Fees	98,432	482,356	17,862	89,913	-	688,563	36,399	56,945	93,344	781,907
Subgrants	-	1,500	26,960	-	-	28,460	-	-	-	28,460
Interest	-	-	341,000	-	-	341,000	-	-	-	341,000
Other	300	56,987	363,790	141,171	17,203	579,451	105,471	2,534	108,005	687,456
Total Functional Expenses	\$ 1,098,918	\$ 15,357,314	\$ 13,737,561	\$ 1,783,013	\$ 1,346,100	\$ 33,322,906	\$ 7,267,475	\$ 2,760,042	\$ 10,027,517	\$ 43,350,423

See Notes to Consolidated Financial Statements.

APPALACHIAN MOUNTAIN CLUB
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services					Support Services			Total Expenses	
	Member Services	Outdoor Program Centers	Programs	Merchandise & Publications	Rental, Interest & Other	Total Program Services	Administrative	Fundraising		Total Support Services
Salaries	\$ 306,121	\$ 6,669,560	\$ 5,075,758	\$ 272,650	\$ -	\$ 12,324,089	\$ 2,998,902	\$ 1,493,027	\$ 4,491,929	\$ 16,816,018
Payroll Taxes and Fringe Benefits	75,100	1,238,325	1,064,128	65,504	-	2,443,057	720,606	361,069	1,081,675	3,524,732
Program and Volunteer Support	9	95,572	3,156,335	12	-	3,251,928	-	34,544	34,544	3,286,472
Depreciation and Amortization	576	1,656,109	410,943	576	550,566	2,618,770	79,699	2,591	82,290	2,701,060
Professional Fees	278,442	128,974	465,995	93,383	60,000	1,026,794	710,303	149,796	860,099	1,886,893
Office	410,030	561,425	532,756	34,802	8,485	1,547,498	65,780	90,149	155,929	1,703,427
Food and Beverage Supplies	24	1,367,333	133,620	11,721	-	1,512,698	1,936	2,693	4,629	1,517,327
Occupancy	172	1,117,805	289,628	169	323,314	1,731,088	1,710	761	2,471	1,733,559
Repairs and Maintenance	-	562,233	566,867	(34)	99,275	1,228,341	900	-	900	1,229,241
Cost of Goods Sold	-	-	-	1,031,422	-	1,031,422	-	-	-	1,031,422
Information Technology	1,166	66,154	772,768	15,837	183	856,108	862,521	19,883	882,404	1,738,512
Insurance	10,099	536,553	194,433	13,504	85,665	840,254	51,816	19,681	71,497	911,751
Printing and Publications	268,713	9,861	31,458	15,533	-	325,565	5,696	85,851	91,547	417,112
Vehicles	35	116,913	347,356	6,171	-	470,475	18,253	7,114	25,367	495,842
Travel	193	51,008	147,057	2,808	-	201,066	38,089	20,714	58,803	259,869
Conferences and Meetings	17	5,514	61,987	10	-	67,528	14,118	50,741	64,859	132,387
Marketing and Promotion	-	12,649	3,739	403	-	16,791	222,004	14,859	236,863	253,654
Bank and Credit Card Fees	79,117	401,831	13,998	76,742	-	571,688	40,590	51,061	91,651	663,339
Subgrants	-	1,500	444,191	-	-	445,691	-	-	-	445,691
Interest	-	-	102,767	-	-	102,767	-	-	-	102,767
Other	88	75,457	284,552	184,021	12,934	557,052	207,872	3,174	211,046	768,098
Total Functional Expenses	\$ 1,429,902	\$ 14,674,776	\$ 14,100,336	\$ 1,825,234	\$ 1,140,422	\$ 33,170,670	\$ 6,040,795	\$ 2,407,708	\$ 8,448,503	\$ 41,619,173

See Notes to Consolidated Financial Statements.

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

A. Organization:

The Appalachian Mountain Club, together with its consolidated affiliates AMC Maine Woods Initiative, LLC and AMC Maine Woods Funding, LLC (collectively, the "AMC"), is a not-for-profit environmental conservation and recreation corporation with the mission of promoting the protection, enjoyment and understanding of the mountains, forest, waters, and trails of the Appalachian Region. In pursuit of this aim, the AMC provides educational and experiential opportunities to its membership and the general public in the belief that successful conservation depends on this experience. Campsite, shelter, and lodging facilities, trail maintenance programs, land stewardship, scientific research, environmental conservation, and local chapter activities together with the publication of guidebooks, maps, and other media further this mission.

B. Summary of Significant Accounting and Reporting Policies:

The significant accounting policies followed by the AMC are as follows:

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the AMC, its affiliates, and its volunteer-managed facilities and chapters. All significant intercompany accounts and transactions are eliminated in the consolidated financial statements.

Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and reported amounts of revenues and expenses during the reporting period. Significant estimates for the AMC include the present value of future cash flows from pledges receivable, the allowance for doubtful accounts in connection with pledges receivable, allowances for inventory obsolescence, functional expense allocations, accrued liabilities, and the fair value of investments. Actual results could differ from those estimates.

Basis of Accounting

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles. These principles establish standards for external financial reporting by not-for-profit organizations and require that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. A description of the two net asset categories follows:

Net assets without donor restrictions include net assets that are available for use in general operations and not subject to donor or grantor imposed stipulations. Activity in net assets without donor restrictions is shown in the Consolidated Statements of Activities classified as Operating and Other. Operating revenues consist of revenues, endowment spending allocations, and special project funding which support annual operating and program expenses of the organization. Operating expenses consist of annual operating expenses of the organization related to member services, outdoor program centers, other programs, merchandise and publications, administrative, and annual fundraising. Other revenues and expenses include revenues and expenses from rentals, capital fundraising campaigns, asset sales, income and gains (losses) from investments, interest expense and other financing costs, and an allocation of depreciation expense.

APPALACHIAN MOUNTAIN CLUB
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

B. Summary of Significant Accounting and Reporting Policies, Continued:

Basis of Accounting, Continued

Net assets with donor restrictions include both net assets with restrictions that are temporary in nature, which are subject to donor or grantor imposed stipulations that are expected to be met by actions of the AMC and/or the passage of time, and net assets with restriction by donors or grantors where such restrictions are perpetual in nature. Generally, the donors of permanently restricted net assets permit the AMC to use all of the income earned on related investments for general or specific purposes. Donor or grantor imposed temporary restrictions are released when the stipulated time has elapsed or the stipulated purpose for which the resource was restricted has been fulfilled, and the net assets are then reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction is met or expires in the reporting period. All other donor-restricted support is reported as an increase in net assets with donor restrictions.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications impacted certain revenue and expense items, however, the reclassifications had no effect on the previously reported change in net assets for the year ended December 31, 2023.

Cash Equivalents

Cash equivalents are comprised of highly liquid investments, with a maturity of less than three months at the time of investment. This may include money market deposits or other similar investments.

Pledges and Accounts Receivable

Pledges are stated at the amount management expects to collect from outstanding balances. The allowance for doubtful accounts is determined by applying a percentage against total receivables, based on management's judgment concerning the future collectability of the receivables. Amounts considered to be past due are charged against the allowance when the account is deemed uncollectible.

Accounts receivable are stated net of an allowance for credit losses, with changes in the allowance classified as administrative expense in the statements of activities. Management assesses collectability by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when specific customers with known disputes or collectability issues are identified. The allowance is based on management's estimate of expected credit losses considering historical collectability, judgments about the creditworthiness of customers, and current and forecast economic conditions. Receivables that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The total amount of write-offs during 2024 and 2023 was immaterial. The allowance for credit losses amounted to \$6,193 at each December 31, 2024 and 2023.

Inventories

Inventories, principally retail merchandise and books, are stated at the lower of cost (on an average cost method) or net realizable value.

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

B. Summary of Significant Accounting and Reporting Policies, Continued:

Property and Equipment

Property and equipment are recorded at historical cost or fair value at date of gift or bequest. Major renewals and improvements are capitalized, while maintenance and repairs are expensed when incurred. Depreciation is determined using the straight-line method over the estimated useful lives. Estimated lives for building and improvements, land improvements, furniture, fixtures, and equipment range from 3 to 40 years.

Investments

Mutual funds are public investment vehicles valued using the net asset value (“NAV”) provided by the administrator of the fund and calculated at the close of business on the NYSE. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. Investments in mutual funds are classified within Quoted Prices in Active Markets for Identical Assets. Alternative Investments are reported using the NAV per share, as reported by the investment managers, as a practical expedient for measuring fair value. The investment managers have various processes and controls in place to ensure that fair value is reasonably estimated. They perform due diligence procedures over third-party pricing service providers in order to support their use in the valuation process. There have been no changes in the methodologies used at December 31, 2024 and 2023. Dividends, interest and net gains/losses on investments are reflected in the consolidated statements of activities. Investment income from donor restricted assets that is earned and used in the current year for the restricted purpose is recorded as without donor restriction investment income.

Gift Annuity Fund and Pooled Life Income Fund

The AMC has planned giving agreements with donors consisting primarily of charitable gift annuities and pooled life income funds. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the agreements.

Contribution revenue is recorded as donor restricted income when the agreements are executed, measured by the fair value of assets received net of the liabilities for future payments to donors. Investments are classified as Level 3 in the fair value hierarchy and are adjusted to fair value, and the liabilities for future annuity payments are adjusted based on donor life expectancies and on prevailing interest rates.

Beneficial Interest in Trust

The AMC is the beneficiary of a perpetual trust which is held by external trustees, as specified by the donor, and is reported by the AMC at fair value based on the underlying assets held in the trust, as reported by the trustee. Under the terms of the trust, income is distributed quarterly to the AMC and is recorded as income without donor restrictions. Changes in the fair value of the trust is recorded as increases or decreases to net assets with donor restrictions. The outside trust is classified as Level 3 in the fair value hierarchy as it is held by the trustee in perpetuity.

Income received from the perpetual trust amounted to \$50,000 and \$46,000 for the years ended December 31, 2024 and 2023, respectively.

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

B. Summary of Significant Accounting and Reporting Policies, Continued:

Beneficial Interest in Trust, Continued

The following table presents activity for the years ended December 31, 2024 and 2023 for assets held by an outside trust:

	<u>2024</u>	<u>2023</u>
Fair Value, Beginning of Year	\$ 1,355,316	\$ 1,238,478
Change in Value, net	<u>65,243</u>	<u>116,838</u>
Fair Value, End of Year	<u>\$ 1,420,559</u>	<u>\$ 1,355,316</u>

Deferred Revenue

The AMC defers recognition of outdoor program center and program reservations revenues to the period in which the reservation occurs and the related expenses are incurred. Revenue from membership dues is deferred and recognized over the life of the membership, typically one year.

Revenue Recognition

The AMC has multiple revenue streams that are accounted for as reciprocal exchange transactions including Membership, Outdoor Program Centers and Program fees. Under FASB ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), revenue is recognized when received, or when control of goods or services is transferred to the customer, in an amount that reflects the consideration the AMC expects to be entitled to in exchange for those goods and services. The AMC does not have any significant financing components as payment is generally received at or before the point of sale.

Revenues from performance obligations satisfied over time consist of Membership dues, Outdoor Program Center lodging and Program fees. These revenues are recognized using an output method on the basis of time elapsed divided by the period the membership or program service is provided. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. Revenues from performance obligations satisfied over time amounted to \$20,707,981 and \$19,984,687 for the years ended December 31, 2024 and 2023, respectively.

Membership dues, Outdoor Program Center and Program fees paid to the AMC in advance represent contract liabilities and are recorded as deferred revenue. Amounts billed but unpaid are contract assets and recorded as accounts receivable. Accounts receivable, deferred revenue and deferred membership revenue amounted to \$1,219,585, \$4,106,374 and \$547,357, respectively, at January 1, 2023.

Revenues from performance obligations satisfied at a point in time consist of Merchandise and Publications and over the counter meals included in Outdoor Program Centers. Revenues are recognized when earned. Revenues from performance obligations satisfied at a point in time amounted to \$2,227,484 and \$2,511,620 for the years ended December 31, 2024 and 2023, respectively.

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

B. Summary of Significant Accounting and Reporting Policies, Continued:

Contributed Services

The AMC reports the fair value of contributed services that require specialized skills and that would otherwise be purchased by the AMC as contributions without donor restriction and simultaneously as expense, based on the estimated fair value at the time the services are donated. The AMC did not monetize any donated services. Substantial numbers of volunteers have also donated significant amounts of their time and energy to the AMC. No amounts have been recognized in the accompanying consolidated financial statements for those services since they do not meet the criteria for recognition under U.S. generally accepted accounting principles.

Contributed services for the years ended December 31, 2024 and 2023, included in the consolidated statements of activities, were as follows:

<u>Non-financial Contribution</u>	<u>Type of Contribution</u>	<u>Valuation</u>	<u>2024</u>	<u>2023</u>
Contributed services	Pro-bono medical services	Standard industry pricing	\$ <u>2,850</u>	\$ <u>2,850</u>

Functional Allocation of Expenses

The Consolidated Statements of Functional Expenses summarizes the AMC's cost of providing program services and the support services necessary to achieve the AMC's mission and goals. Certain costs are directly related to program and support services while other costs have been allocated using a variety of methods. Occupancy, depreciation and amortization costs have been allocated on a square footage basis, while other expenses have been allocated based upon an estimate of time and effort necessary to support each category of program services. The methods used to allocate indirect costs on a time and effort basis were based upon the principles used to allocate support services costs in the AMC's Form 990, which have been consistently applied.

Leases

The AMC leases certain office equipment and office spaces for its staff and operations under long-term, non-cancelable lease agreements. Operating leases, when applicable, are included as right-of-use ("ROU") assets and operating lease obligations on the consolidated statement of financial position. At December 31, 2024 and 2023, the AMC has determined that the ROU assets and lease liabilities from the lease agreements are not material to the consolidated financial statements and have not been recorded. Accordingly, all lease payments are recorded as expense during the corresponding lease period.

The AMC also leases commercial office space and retail space to tenants in its 10 City Square headquarters building in Boston under long-term, non-cancelable lease agreements which are accounted for as operating leases. Underlying assets are recognized on the statement of financial position for leases classified as operating by lessors.

The AMC determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the AMC considers factors such as if it has obtained substantially all the rights to the underlying asset through exclusivity, if the AMC can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. The evaluation may require significant judgment. The AMC has elected to apply the short-term lease exemption to all asset classes.

APPALACHIAN MOUNTAIN CLUB
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

B. Summary of Significant Accounting and Reporting Policies, Continued:

Leases, Continued

ROU assets represent the AMC's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term which includes both amortization of the ROU asset and other lease expense. In determining the discount rate used to measure the right-of-use asset and lease liability, the rate implicit in the lease is used, or if not available, the AMC uses a risk-free rate for all classes of assets based on the information available at commencement date in determining the present value of lease payments. The risk-free interest rate is based on the U.S. Daily Treasury Par Yield Curve rates for terms similar to lease terms. The ROU asset also includes any lease payments made at or before commencement, less any incentive received. Lease terms may include options to extend or terminate the lease when it is reasonably certain that such option will be exercised. The AMC's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Collections

Collection items are artifacts related to the historical programs of the AMC, which are catalogued and preserved for educational and research purposes. No collection items were capitalized as of December 31, 2024 and 2023.

Concentration of Credit Risk

Financial instruments which potentially subject the AMC to concentrations of credit risk consist principally of cash and cash equivalents and money market funds included with investments. The AMC maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The bank deposit accounts are insured through FDIC up to \$250,000. The maximum loss that could have resulted from that risk amounted to approximately \$12,000,000 as of December 31, 2024. The AMC places its cash in highly rated financial institutions, the majority of which is held at Citizens Bank. The AMC has not experienced any losses in such accounts and does not believe it is exposed to unusually significant credit risk on cash.

Tax Status

The AMC has been granted a tax exemption under Section 501(c)(3) of the Internal Revenue Code. However, income from certain investment activities not directly related to the AMC's tax-exempt purpose is subject to taxation as unrelated business income. In determining the recognition of uncertain tax positions, the AMC applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. As of December 31, 2024, the AMC has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. The AMC is generally subject to potential examination by taxing jurisdictions for the prior three years.

Subsequent Events

The date to which events occurring after December 31, 2024 have been evaluated for possible adjustment to the consolidated financial statements or disclosure is the date of the Independent Auditor's Report which is the date the consolidated financial statements were available to be issued.

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

C. Availability and Liquidity:

The AMC is substantially supported by restricted and unrestricted donor contributions. When a donor's restriction requires resources to be used in a particular manner or in a future period, the AMC maintains the resources necessary to meet the restricted purposes. Thus, financial assets equal to restricted amounts are not available for general expenditure. As part of its liquidity management, the AMC structures its financial assets to be available as general expenditures, liabilities, and other obligations come due for payment. The AMC's financial assets at December 31, 2024 that are available for general expenditure are \$24,701,325, which is approximately equal to 220 days of operating expenses. To ensure adequate liquidity, excess cash is invested primarily in cash and money market accounts. If needed to meet unforeseen obligations, the AMC also has available approximately \$715,000 of a line of credit at December 31, 2024 (as further discussed in Note K). The AMC has board-designated endowment funds, which while allocated for annual operating support under an approved endowment spending policy, could potentially be made available with approval of the Board of Directors if necessary to meet obligations.

The following table represents the AMC's financial assets as of December 31, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statements of financial position date. Amounts not available include net assets with donor restrictions as well as endowment related net assets subject to long-term investment.

	<u>2024</u>	<u>2023</u>
Financial Assets at Year-end:		
Cash and Cash Equivalents	\$ 14,609,617	\$ 14,352,434
Accounts Receivable	750,161	1,158,298
Pledges Receivable	2,294,715	497,876
Investments	<u>101,138,281</u>	<u>96,764,899</u>
Total Financial Assets	<u>118,792,774</u>	<u>112,773,507</u>
Less Amounts not Available to be Used Within One Year:		
Restricted by Donor with Time or Purpose Restrictions	1,494,537	242,117
Subject to Endowment Spending Policy and Appropriation	<u>92,596,912</u>	<u>88,845,665</u>
	<u>94,091,449</u>	<u>89,087,782</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 24,701,325</u>	<u>\$ 23,685,725</u>

D. Pledges Receivable:

Pledges receivable of \$2,294,715 and \$497,876 are recorded in the consolidated financial statements as of December 31, 2024 and 2023, respectively. Pledges are recorded at the present value of estimated future cash flows. The present value of estimated future cash flows has been measured utilizing a risk-free rate of return (4.44% at December 31, 2024 and 3.84% at December 31, 2023).

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

D. Pledges Receivable, Continued:

Pledges are expected to be collected as follows:

	<u>2024</u>	<u>2023</u>
In one year or less	\$ 525,594	\$ 217,688
Between one and five years	2,055,500	363,402
Greater than five years	1,876	5,628
	<u>2,582,970</u>	<u>586,718</u>
Present value discount	(241,190)	(33,522)
Allowance for unfulfilled pledges	<u>(47,065)</u>	<u>(55,320)</u>
Pledges receivable, net	<u>\$ 2,294,715</u>	<u>\$ 497,876</u>

E. Property and Equipment:

Property and equipment consists of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 58,775,027	\$ 56,125,003
Buildings and improvements	62,149,718	58,929,541
Furniture, fixtures and equipment	9,787,217	8,640,928
Construction in progress	1,580,385	4,411,792
	<u>132,292,347</u>	<u>128,107,264</u>
Accumulated depreciation	<u>(35,684,396)</u>	<u>(32,886,340)</u>
Property and equipment, net	<u>\$ 96,607,951</u>	<u>\$ 95,220,924</u>

Depreciation and amortization expense for 2024 totaled \$2,951,265 and \$2,701,060 for 2023.

The AMC has permits with Federal, State and municipal agencies to operate and maintain facilities and campsites within the boundaries controlled by the various governmental entities. These permits range in term from five to forty years, and have expiration dates from 2029 to 2059.

F. Investments:

In accordance with ASC Subtopic 820-10, *Fair Value Measurements*, certain investments that are measured at fair value using the net asset value (“NAV”) per share (or its equivalent) as a practical expedient have not been classified within the fair value hierarchy. The fair value amounts presented in the table below are intended to permit reconciliation of the fair value hierarchy amounts to amounts presented in the consolidated statements of financial position.

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

F. Investments, Continued:

The following table summarizes the AMC's financial assets measured at fair value as of December 31, 2024 and December 31, 2023:

	<u>2024</u>	<u>2023</u>
Quoted Prices in Active Markets for Identical Assets (Level 1):		
Uninvested Cash and Cash Equivalents Pending Investment	\$ 4,251,309	\$ 2,348,147
Mutual Funds:		
U.S. Equity	21,080,826	19,100,576
Non-U.S. Equity	23,385,864	25,072,312
U.S. Fixed Income	9,844,687	10,191,423
Split Interest Agreements:		
Gift Annuity Fund	586,215	545,344
Pooled Life Income Fund	36,404	30,988
Subtotal	<u>59,185,305</u>	<u>57,288,790</u>
Alternative Investments Measured at Net Asset Value	<u>41,952,976</u>	<u>39,476,109</u>
Total Investments, at Fair Value	<u>\$ 101,138,281</u>	<u>\$ 96,764,899</u>

The fair value of publicly traded mutual funds is based upon quoted market prices and net asset values. Amounts held as alternative investments represent hedge funds and private equity partnerships for which quoted market prices or valuations are not readily available and are carried at net asset values provided by investment managers. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the consolidated financial statements. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility.

The AMC uses NAV to determine the fair value of investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The types of investments that qualify for this treatment are included in the following tables at December 31, 2024 and 2023:

December 31, 2024:

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Marketable Alternatives (a)	\$ 10,534,711	\$ -	Varies from Monthly to Semi-Annually	Varies from 30 to 65 days
Private Equity/Venture Capital (b)	<u>31,418,265</u>	7,413,011	Not Permitted	N/A
	<u>\$ 41,952,976</u>			

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

F. Investments, Continued:

December 31, 2023:

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Marketable Alternatives (a)	\$ 9,694,384	\$ -	Varies from Monthly to Quarterly	Varies from 30 to 65 days
Private Equity/Venture Capital (b)	29,781,725	7,214,085	Not Permitted	N/A
	<u>\$ 39,476,109</u>			

(a) This class includes investments in hedge funds that invest in long and short positions using U.S. and Non-U.S. common stocks with some credit exposure. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, from a net long position to a net short position, and pursue multiple strategies to diversify risks and reduce volatility. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

(b) This class includes investments in funds that invest in private U.S. and internationally based companies either through direct investments or through other private investment funds. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Unfunded commitments represent future capital calls.

G. Program-Related Investment Loans Payable:

	<u>2024</u>	<u>2023</u>
Unsecured borrowings due 2029; interest payable at 1%	\$ 1,000,000	\$ 1,000,000
Secured borrowing due 2027; interest payable at 1%	<u>3,100,000</u>	<u>3,100,000</u>
Program-Related Investment Loans Payable	<u>\$ 4,100,000</u>	<u>\$ 4,100,000</u>

During the year ended December 31, 2023, the AMC obtained two program-related investment loans payable from two separate foundations. Loan proceeds are to be used by the AMC's wholly owned subsidiary AMC Maine Woods Initiative, LLC for the deposit on the future acquisition of the South parcel of the Barnard Forest in Maine's 100-Mile Wilderness region (see Note K). One loan is secured by an irrevocable letter of credit for a maximum of \$2 million expiring on December 31, 2027. Interest expense on these loans was \$41,000 and \$12,356 for 2024 and 2023, respectively. The secured loan provides for \$2 million, and related accrued interest, to be forgiven at maturity as long as the AMC continues to own and use the land for its intended purposes. Both loans require the AMC to comply with certain covenants and at December 31, 2024, management is not aware of any violations of the covenants.

H. Endowment:

The AMC's endowment consists of approximately 100 individual funds established for a variety of purposes. It includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

H. Endowment, Continued:

The AMC interprets the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the AMC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, when making a determination to appropriate or accumulate donor-restricted endowment funds, the AMC considers factors which include: the duration and preservation of the fund; the purposes of the AMC and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the AMC; and the investment policies of the AMC.

The changes in endowment net assets by fund as of December 31, 2024 and 2023, are as follows:

	2024		
	<u>Without Donor Restrictions</u>	<u>Donor Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 63,269,247	\$ 29,347,008	\$ 92,616,255
Net assets released from restriction	-	(286,063)	(286,063)
Investment gains, net	5,252,751	2,418,645	7,671,396
Contributions and transfers	-	335,018	335,018
Endowment spending allocation	<u>(2,752,354)</u>	<u>(1,117,493)</u>	<u>(3,869,847)</u>
Endowment Net Assets, End of Year	<u>\$ 65,769,644</u>	<u>\$ 30,697,115</u>	<u>\$ 96,466,759</u>
	2023		
	<u>Without Donor Restrictions</u>	<u>Donor Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 59,307,576	\$ 27,001,987	\$ 86,309,563
Net assets released from restriction	-	(221,895)	(221,895)
Investment gains, net	6,608,625	3,000,284	9,608,909
Contributions and transfers	5,934	684,334	690,268
Endowment spending allocation	<u>(2,652,888)</u>	<u>(1,117,702)</u>	<u>(3,770,590)</u>
Endowment Net Assets, End of Year	<u>\$ 63,269,247</u>	<u>\$ 29,347,008</u>	<u>\$ 92,616,255</u>

From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or the UPMIFA requires the AMC to retain as a fund for perpetual duration. There were no deficiencies reported in net assets as of December 31, 2024 and 2023.

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

H. Endowment, Continued:

The AMC's investment goal for the Endowment Fund is to provide a current spendable return consistent with the long-term preservation of assets in real terms. Endowment fund investments are exposed to various risks such as interest rate, credit, and overall market volatility. Accordingly, the AMC has established an asset allocation policy, investment guidelines and performance standards for the investment of the Fund's assets, in order to control risks and monitor investment performance. However, experience has shown that market performance will vary and that the portfolio's investment objectives may not be achievable during short-term periods. The annual endowment spending made available for the operations of the AMC is an amount equal to a weighted average calculation consisting of a seventy percent (70%) weight of the prior year's spending amount, adjusted for inflation, and thirty percent (30%) weight of 4.5% of the average of the four prior quarters endowment balances.

I. Net Assets with Donor Restrictions:

At December 31, 2024 and 2023, net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specified Purpose:		
Capital Expenditures at Outdoor Program Centers, Huts & Shelters	\$ 351,162	\$ 410,195
Capital Campaign Projects	1,571,488	845,769
Maine Woods Initiative, LLC projects	9,187	23,834
Grants for Specified Program Purposes	2,879,628	2,968,219
Other	204,416	139,434
	<u>5,015,881</u>	<u>4,387,451</u>
Subject to Passage of Time:		
Pledges Receivable	2,294,715	497,876
Gift Annuities and Pooled Life Income Funds	311,235	299,121
	<u>2,605,950</u>	<u>796,997</u>
Beneficial Interest in Trust	<u>1,420,559</u>	<u>1,355,316</u>
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Conservation	5,868,402	5,625,863
Education	4,975,854	4,743,130
White Mountain Huts and Trails	12,865,933	12,187,079
Volunteer Managed Activities	1,366,700	1,299,822
Library and Archives	442,727	426,065
General and Other	1,173,573	1,117,377
Restricted in Perpetuity	<u>4,003,926</u>	<u>3,947,672</u>
	<u>30,697,115</u>	<u>29,347,008</u>
Total Net Assets with Donor Restrictions	<u>\$ 39,739,505</u>	<u>\$ 35,886,772</u>

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

J. Leasing Arrangements:

Lessor Leasing Arrangements

As of December 31, 2024 the AMC has various long-term, non-cancelable lease agreements to lease commercial office space and retail space to tenants in its 10 City Square headquarters building in Boston. During the terms of the agreements, fixed minimum monthly rental income range from approximately \$4,000 to \$23,000 and expire at various times through September 2033. The facility leases do not transfer ownership of the leased asset, do not provide an option for the lessee to purchase the asset and do not contain any material residual value guarantees or material restrictive covenants. Rental income amounted to approximately \$780,000 and \$600,000 for the years ended December 31, 2024 and 2023, respectively.

The following is a schedule, by year, of future minimum rental income to be recognized under the operating leases, as of December 31, 2024:

<u>Years ending December 31,</u>	<u>Amount</u>
2025	\$ 813,000
2026	610,000
2027	371,000
2028	170,000
2029	171,000
Thereafter	457,000
	<u>\$ 2,592,000</u>

Lessee Leasing Arrangements

The AMC has various long-term, non-cancelable lease agreements to lease certain office equipment and office spaces for its staff and operations in the northeastern U.S. In addition, the AMC has an agreement to lease parking spaces in a location near its 10 City Square headquarters in Boston. These agreements provide for fixed minimum monthly rental payments ranging from approximately \$200 to \$2,000 and expire at various times through 2034.

For the years ended December 31, 2024 and 2023, lease expense under these agreements amounted to approximately \$44,000 and \$106,000, respectively.

Future minimum lease payments under non-cancelable leases as of December 31, 2024 are as follows:

<u>Years ending December 31,</u>	<u>Amount</u>
2025	\$ 46,000
2026	44,000
2027	33,000
2028	16,000
2029	5,000
Thereafter	25,000
	<u>\$ 169,000</u>

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

K. Commitments:

Line of Credit

The AMC has a line of credit agreement with a commercial bank which expires in October 2027, secured by certain mutual fund investments with a carrying value of \$1,022,103. The maximum borrowings available under the agreement are \$5,000,000, limited to 70% of pledged mutual funds (approximately \$715,000 at December 31, 2024). The agreement provides that any borrowings are due on or before the expiration date of the agreement and bear interest at the BSBY rate plus 1.45%. There were no outstanding borrowings under the agreement at December 31, 2024 and 2023.

Advanced Deposit on Future Land Purchase

In September 2023, the AMC partnered with The Conservation Fund (“TCF”), a nationally recognized nonprofit, to acquire and permanently protect the approximately 29,000-acre Barnard Forest in Maine’s 100-Mile Wilderness. The AMC acquired the North parcel, approximately 13,891 acres of the forestland and TCF acquired the South parcel, approximately 14,892 acres. The total purchase price of the South parcel was \$10 million. As part of a purchase and sale agreement between the AMC and TCF, executed in August 2023, the AMC made an advance payment of \$4 million towards the purchase, and will purchase the South parcel outright from TCF on or before December 31, 2027. The payment is included in advanced deposit on future land purchase on the consolidated statements of financial position. During the holding period prior to the AMC’s purchase, TCF owns the South parcel property. The AMC’s purchase price will be \$10 million, reduced by the amount paid to the seller, if any, for the conveyance of a working forest conservation easement on the property.

During the period of TCF’s ownership, the AMC shall pay to TCF an annual administrative fee of \$95,000, interest in the amount of 5% annually for TCF’s bridge capital used to acquire and hold the property, and a conservation success fee equal to 5% of the amount paid to TCF for the conveyance of any conservation easement. Interest expense for the years ended December 31, 2024 and 2023 amounted to \$300,000 and \$90,411, respectively.

As part of the transaction, the AMC entered into an “Assignment of Carbon Development and Marketing Agreement” with the previous owner of the Barnard Forest in which the carbon credits associated with the North parcel were assigned to the AMC in exchange for an advance of \$1,085,000. The AMC anticipates that the carbon credits will be sold at a future date. At the time of the sale, the AMC will be entitled to the funds received net of any selling costs. The advance on the carbon credits is included within prepaid expenses and other assets on the consolidated statements of financial position.

L. Retirement Plans:

The AMC has a defined contribution plan which covers substantially all of its full-time employees. Contributions are determined as a percent of each covered employee’s gross salary. The percentage rate is based on an employee’s years of completed service. Employees who entered the plan prior to December 31, 2011 are immediately vested in all contributions. The plan was amended effective January 1, 2012, and all employees who enter the plan after that date are subject to a five year gradual vesting schedule for their employer matching contributions. Effective January 1, 2019, AMC amended the plan to exclude seasonal employees from participating in the defined contribution plan in which AMC matches employee contributions. The expense related to the plan was \$639,334 for 2024 and \$613,918 for 2023.

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

L. Retirement Plans, Continued:

The AMC also sponsors a voluntary deferred compensation plan in which all eligible employees may participate. Seasonal employees remain eligible to participate in the voluntary deferred compensation plan and can make tax deferred contributions to this plan without an employer match. The AMC makes no contribution to this plan.

Although it has not expressed any intent to do so, the AMC has the right under the plans to discontinue its contributions at any time and to terminate the plans subject to the provisions of the Employee Retirement Income Security Act of 1974. However, no such action may deprive any participant or beneficiary under the plans of any vested right. In the event of a plan termination, participants remain vested in their accounts.