APPALACHIAN MOUNTAIN CLUB

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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Certified Public Accountants & Consultants

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 and affiliates, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, 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 and affiliates as of December 31, 2022 and 2021, 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 affiliates 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 and affiliates 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 and affiliates 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 and affiliates 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
July 7, 2023

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APPALACHIAN MOUNTAIN CLUB

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022	2021
Assets:		
Cash and Cash Equivalents	$ 14,505,612	$ 16,153,740
Accounts Receivable, net	1,219,585	757,474
Pledges Receivable, net	971,794	1,565,451
Prepaid Expenses and Other Assets	1,113,219	833,584
Advanced Deposit on Future Land Purchase (See Note M)	-	16,154,000
Inventories	887,845	850,010
Notes Receivable, NMTC	-	8,660,730
Property and Equipment, net	87,072,986	66,313,439
Investments, at fair value	91,121,367	100,731,862
Total Assets	$ 196,892,408	$ 212,020,290
Liabilities:		
Accounts Payable	$ 1,049,871	$ 1,071,813
Accrued Expenses and Other Liabilities	789,633	1,068,872
Annuity Payments Liability	170,351	216,389
Deferred Revenue	4,106,374	4,030,122
Deferred Membership Revenue	547,357	583,273
Loans Payable, NMTC, net	-	12,536,921
Total Liabilities	6,663,586	19,507,390
Net Assets:		
Without Donor Restrictions:		
Undesignated	9,510,310	21,660,325
Invested in Property and Equipment	87,072,986	66,313,439
Designated by Board for Endowment	59,307,576	73,120,598
	155,890,872	161,094,362
With Donor Restrictions	34,337,950	31,418,538
Total Net Assets	190,228,822	192,512,900
Total Liabilities and Net Assets	$ 196,892,408	$ 212,020,290

See Notes to Consolidated Financial Statements.

APPALACHIAN MOUNTAIN CLUB

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021			
	Net Assets Without Donor Restrictions		Net Assets With		Net Assets Without Donor Restrictions		Net Assets With	
	Operating	Other	Donor Restrictions	Total	Operating	Other	Donor Restrictions	Total
Revenues:								
Contributions and Grants	$ 7,601,437	$ 2,155,942	$ 14,877,269	$ 24,634,648	$ 7,779,473	$ 93,432	$ 6,226,431	$ 14,099,336
Membership	2,548,707	35,916	-	2,584,623	2,669,262	51,216	-	2,720,478
Outdoor Program Centers	11,463,889	36,956	-	11,500,845	7,906,539	6,424	-	7,912,963
Programs	3,883,563	405,796	-	4,289,359	1,604,360	260,215	-	1,864,575
Merchandise & Publications	2,230,638	6,380	-	2,237,018	2,306,478	-	-	2,306,478
Rental, Interest, & Other	696,066	698,421	13,060	1,407,547	516,450	473,451	12,567	1,002,468
Gains/(Losses) from Investments, net	(8,176)	(12,348,281)	(3,528,096)	(15,884,553)	(9,441)	15,106,542	4,246,105	19,343,206
Endowment Spending Allocation	3,378,462	(3,378,462)	-	-	2,993,047	(2,993,047)	-	-
Special Project Funding	2,444,423	(2,444,423)	-	-	615,442	(615,442)	-	-
Extraordinary Grants	-	-	-	-	2,000,000	-	-	2,000,000
Debt Forgiveness	-	3,915,112	-	3,915,112	-	-	-	-
Contributed Services	9,750	-	-	9,750	19,843	-	-	19,843
Total Revenues	34,248,759	(10,916,643)	11,362,233	34,694,349	28,401,453	12,382,791	10,485,103	51,269,347
Expenses:								
Member Services	2,485,636	-	-	2,485,636	2,529,184	-	-	2,529,184
Outdoor Program Centers	13,550,341	689,749	-	14,240,090	10,623,880	572,708	-	11,196,588
Programs	10,895,321	188,698	-	11,084,019	7,517,661	208,166	-	7,725,827
Merchandise & Publications	2,603,038	4,373	-	2,607,411	2,359,154	945	-	2,360,099
Rental, Interest, & Other	969,278	424,836	-	1,394,114	671,536	1,544,459	-	2,215,995
Administrative	2,541,816	139,570	-	2,681,386	2,224,280	384,414	-	2,608,694
Fundraising	2,345,802	139,969	-	2,485,771	1,993,807	173,939	-	2,167,746
Total Expenses	35,391,232	1,587,195	-	36,978,427	27,919,502	2,884,631	-	30,804,133
Change in Net Assets Before Transfers and Releases	(1,142,473)	(12,503,838)	11,362,233	(2,284,078)	481,951	9,498,160	10,485,103	20,465,214
Transfers and Releases:								
Transfer of Operating Surplus (Deficit)	1,142,473	(1,142,473)	-	-	(481,951)	481,951	-	-
Releases of Restricted Net Assets	-	8,442,821	(8,442,821)	-	-	6,081,411	(6,081,411)	-
Total Change in Net Assets	-	(5,203,490)	2,919,412	(2,284,078)	-	16,061,522	4,403,692	20,465,214
Net Assets, Beginning of Year	-	161,094,362	31,418,538	192,512,900	-	145,032,840	27,014,846	172,047,686
Net Assets, End of Year	$ -	$ 155,890,872	$ 34,337,950	$ 190,228,822	$ -	$ 161,094,362	$ 31,418,538	$ 192,512,900

See Notes to Consolidated Financial Statements.

APPALACHIAN MOUNTAIN CLUB

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2022	2021
Cash Flows from Operating Activities:		
Change in Net Assets	$ (2,284,078)	$ 20,465,214
Adjustments to Reconcile Change in Net Assets to net cash provided by Operating Activities:		
Depreciation and Amortization	2,628,919	2,580,911
Provision for Unfulfilled Pledges	(65,962)	173,939
Interest on Debt Issuance Costs	74,883	84,508
Investment Income and Realized Gains, net	(2,190,720)	(7,289,644)
Net Unrealized (Gains) Losses on Investments	17,428,320	(11,532,921)
Gain on Disposal of Property and Equipment	(27,317)	(32,308)
Debt Forgiveness	(3,951,072)	-
Changes in Certain Assets and Liabilities:		
Accounts Receivable	(462,111)	(304,392)
Pledges Receivable	659,619	1,200,702
Prepaid Expenses and Other Assets	(279,635)	(246,304)
Inventories	(37,835)	(55,494)
Accounts Payable	(21,942)	485,034
Accrued Expenses and Other Liabilities	(279,239)	(295,370)
Annuity Payments Liability	(46,038)	(181,199)
Deferred Revenue	76,252	977,405
Deferred Membership Revenue	(35,916)	(51,216)
Net cash provided by Operating Activities	11,186,128	5,978,865
Cash Flows from Investing Activities:		
Additions to Property and Equipment	(7,254,501)	(1,315,415)
Proceeds from Sale of Property and Equipment	47,350	35,635
Purchases of Investments	(12,823,527)	(17,018,200)
Proceeds from Sale of Investments	7,196,422	19,374,873
Advanced Deposit on Future Land Purchase	-	(3,700,000)
Net cash used in Investing Activities	(12,834,256)	(2,623,107)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,648,128)	3,355,758
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	16,153,740	12,797,982
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 14,505,612	$ 16,153,740

Supplemental Data: Cash paid for interest during the years ended December 31, 2022 and 2021 amounted to $112,831 and $126,118, respectively.

See Notes to Consolidated Financial Statements.

APPALACHIAN MOUNTAIN CLUB

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services						Support Services			
	Member Services	Outdoor Program Centers	Programs	Merchandise & Publications	Rental, Interest & Other	Total Program Services	Administrative	Fundraising	Total Support Services	Total Expenses
Salaries	$ 682,658	$ 6,292,437	$ 4,717,437	$ 680,039	$ -	$ 12,372,571	$ 1,434,985	$ 1,282,481	$ 2,717,466	$ 15,090,037
Payroll Taxes and Fringe Benefits	180,862	1,307,303	1,080,585	162,114	-	2,730,864	361,203	344,301	705,504	3,436,368
Program and Volunteer Support	-	142,522	1,897,118	-	-	2,039,640	-	77,144	77,144	2,116,784
Depreciation and Amortization	36,500	1,628,604	402,703	16,080	512,574	2,596,461	16,622	15,836	32,458	2,628,919
Professional Fees	287,084	225,798	412,837	101,145	86,600	1,113,464	474,676	136,520	611,196	1,724,660
Office	379,225	603,247	462,063	75,430	3,098	1,523,063	12,944	111,565	124,509	1,647,572
Food and Beverage Supplies	246	1,290,052	81,490	23,937	-	1,395,725	380	1,565	1,945	1,397,670
Occupancy	474	1,036,639	329,099	43,651	367,149	1,777,012	1,727	481	2,208	1,779,220
Repairs and Maintenance	573	511,680	604,842	4,728	211,979	1,333,802	-	2,579	2,579	1,336,381
Cost of Goods Sold	-	6,759	-	1,005,073	-	1,011,832	-	-	-	1,011,832
Information Technology	321,878	365,448	252,615	104,434	-	1,044,375	152,619	84,449	237,068	1,281,443
Insurance	60,500	306,910	110,083	72,500	25,000	574,993	49,500	55,000	104,500	679,493
Printing and Publications	354,141	6,870	39,987	39,214	-	440,212	-	106,936	106,936	547,148
Vehicles	34	204,229	269,095	4,293	-	477,651	1,171	4,095	5,266	482,917
Travel	4,093	32,805	123,352	5,601	-	165,851	9,931	20,413	30,344	196,195
Conferences and Meetings	228	4,979	19,896	1,080	-	26,183	4,285	57,397	61,682	87,865
Marketing and Promotion	30,249	73,439	20,456	14,381	-	138,525	428	2,860	3,288	141,813
Interest	-	-	-	-	112,831	112,831	-	-	-	112,831
Other	146,891	200,369	260,361	253,711	74,883	936,215	160,915	182,149	343,064	1,279,279
Total Functional Expenses	$ 2,485,636	$ 14,240,090	$ 11,084,019	$ 2,607,411	$ 1,394,114	$ 31,811,270	$ 2,681,386	$ 2,485,771	$ 5,167,157	$ 36,978,427

See Notes to Consolidated Financial Statements.

APPALACHIAN MOUNTAIN CLUB

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services						Support Services			
	Member Services	Outdoor Program Centers	Programs	Merchandise & Publications	Rental, Interest & Other	Total Program Services	Administrative	Fundraising	Total Support Services	Total Expenses
Salaries	$ 883,418	$ 5,001,305	$ 4,000,358	$ 646,872	$ -	$ 10,531,953	$ 1,176,765	$ 1,076,335	$ 2,253,100	$ 12,785,053
Payroll Taxes and Fringe Benefits	222,012	1,013,774	903,590	156,674	-	2,296,050	289,585	272,395	561,980	2,858,030
Program and Volunteer Support	423	104,508	502,462	209	-	607,602	117	1,248	1,365	608,967
Depreciation and Amortization	50,655	1,619,957	358,126	16,288	492,694	2,537,720	19,832	23,359	43,191	2,580,911
Professional Fees	321,429	103,111	181,861	59,284	66,504	732,189	474,586	167,362	641,948	1,374,137
Office	352,959	507,919	264,928	44,606	1,911	1,172,323	10,531	142,077	152,608	1,324,931
Food and Beverage Supplies	357	896,573	47,503	18,719	-	963,152	193	368	561	963,713
Occupancy	241	866,259	274,742	13,794	332,339	1,487,375	221	1,212	1,433	1,488,808
Repairs and Maintenance	71	449,857	532,824	1,604	131,136	1,115,492	-	356	356	1,115,848
Cost of Goods Sold	-	9,987	-	919,957	-	929,944	-	-	-	929,944
Information Technology	212,929	92,250	144,418	72,591	-	522,188	166,536	87,937	254,473	776,661
Insurance	47,227	272,865	94,919	57,410	28,091	500,512	66,687	44,693	111,380	611,892
Printing and Publications	230,090	6,206	30,623	11,022	-	277,941	-	85,980	85,980	363,921
Vehicles	168	62,379	143,093	5,882	-	211,522	2,160	5,213	7,373	218,895
Travel	1,212	16,725	55,907	3,397	-	77,241	3,243	10,155	13,398	90,639
Conferences and Meetings	18	1,350	7,133	165	-	8,666	803	8,549	9,352	18,018
Marketing and Promotion	45,837	61,809	11,448	24,022	-	143,116	2,170	7,479	9,649	152,765
Interest	-	-	-	-	126,118	126,118	-	-	-	126,118
Other	160,138	109,754	171,892	307,603	1,037,202	1,786,589	395,265	233,028	628,293	2,414,882
Total Functional Expenses	$ 2,529,184	$ 11,196,588	$ 7,725,827	$ 2,360,099	$ 2,215,995	$ 26,027,693	$ 2,608,694	$ 2,167,746	$ 4,776,440	$ 30,804,133

See Notes to Consolidated Financial Statements.

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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.

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 had no effect on the reported results of operations or net assets. The reclassification increased gains/(losses) from investments, net, for net assets with donor restrictions, by $4,190,336 and reduced gains/(losses) from investments, net, for net assets without donor restrictions, other by $4,190,336. In addition, releases from restricted net assets for both net assets without donor restrictions, other and net assets with donor restrictions, was adjusted by $4,190,336. The AMC previously reflected gains/(losses) on investments for donor restricted net assets through the releases from restricted net assets.

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.

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, 2022 and 2021. 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.

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

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 adjusted to fair value, and the liabilities for future annuity payments are adjusted based on donor life expectancies and on prevailing interest rates.

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 and accounts receivable 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 referred to a collection agency, or otherwise deemed uncollectible.

Inventories

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

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.

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.

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

Revenue Recognition, Continued

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 $18,139,344 and $12,309,691 for the years ended December 31, 2022 and 2021, 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.

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 $2,472,501 and $2,494,804 for the years ended December 31, 2022 and 2021, respectively.

Conditional Grants

Grants that are conditional in nature are accounted for under ASC Topic 958-605, *Revenue Recognition*. Such grants are recognized as certain conditions of the grant are substantially met by the AMC or explicitly waived by the donor. The original grant is recorded as a refundable advance and the amounts are recognized and applied against the refundable advance as the conditions of release are substantially met.

Debt Issuance Costs

In accordance with FASB Codification Topic 835, *Interest*, the AMC presents unamortized debt issuance costs as a reduction of the carrying amount of the debt. Debt issuance costs are being amortized to interest expense using the straight-line method over the term of the related financing agreements.

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, 2022 and 2021.

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.

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

Contributed Services, Continued

Contributed services for the years ended December 31, 2022 and 2021, included in the consolidated statements of activities, were as follows:

Non-financial Contribution	Type of Contribution	Valuation	2022	2021
Contributed services	Pro-bono legal services	Standard industry pricing	$ 5,750	$ 15,843
Contributed services	Pro-bono medical services	Standard industry pricing	4,000	4,000
			$ 9,750	$ 19,843

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 $17,700,000 as of December 31, 2022. 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, 2022, 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.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases.* This new standard was issued to increase transparency and comparability among entities requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. Most notable among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Additionally, under the new standard disclosures are required to meet the objective on enabling users of the consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The AMC adopted the new lease standard effective January 1, 2022 and recognized and measured leases existing at January 1, 2022 (the beginning of the period of adoption), if material. Lease accounting and disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840 in which future payments to be made under operating leases, other than deferred rent, were not recorded on the consolidated statement of financial position but rather classified and disclosed as commitments and certain long-term lease transactions relating to the financing of property and equipment, if applicable, were classified as capital leases.

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

Recently Adopted Accounting Pronouncements, Continued

The AMC elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with new guidance, and (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. Adoption of the new lease standard did not have any impact on the AMC's consolidated statement of financial position, consolidated statements of activities, functional expenses, nor cash flows.

During the year ended December 31, 2022, the AMC adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the consolidated statement of activities, apart from contributions of cash or other financial assets. The standard also increases disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a not-for-profit entity has received. Adoption of this standard did not have a significant impact on the consolidated financial statements, with the exception of increased disclosure.

Leases

The AMC leases certain 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, 2022, 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.

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.

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.

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

Subsequent Events

The date to which events occurring after December 31, 2022 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.

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, 2022 that are available for general expenditure are $23,461,211, which is approximately equal to 240 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 a $5,000,000 line of credit (as further discussed in Note M). 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, 2022 and 2021, 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.

	2022	2021
Financial Assets at Year-end:		
Cash and Cash Equivalents	$ 14,505,612	$ 16,153,740
Accounts Receivable	1,219,585	757,474
Pledges Receivable	971,794	1,565,451
Investments	91,121,367	100,731,862
Total Financial Assets	107,818,358	119,208,527
Less Amounts not Available to be Used Within One Year:		
Restricted by Donor with Time or Purpose Restrictions	187,568	422,813
Subject to Endowment Spending Policy and Appropriation	84,169,579	93,226,402
	84,357,147	93,649,215
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	$ 23,461,211	$ 25,559,312

D. 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.

The following table summarizes the AMC's financial assets measured at fair value as of December 31, 2022 and December 31, 2021:

	2022	2021
Quoted Prices in Active Markets for Identical Assets (Level 1):		
Uninvested Cash and Cash Equivalents Pending Investment	$ 9,543,549	$ 5,155,064
Mutual Funds:		
U.S. Equity	13,215,685	17,390,906
Non-U.S. Equity	20,599,365	26,004,288
U.S. Fixed Income	7,689,744	8,449,688
Blended	1,238,478	1,481,690
Split Interest Agreements:		
Gift Annuity Fund	352,052	446,725
Pooled Life Income Fund	37,341	51,645
Subtotal	52,676,214	58,980,006
Alternative Investments Measured at Net Asset Value	38,445,153	41,751,856
Total Investments, at Fair Value	$ 91,121,367	$ 100,731,862

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, 2022 and 2021:

December 31, 2022:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Marketable Alternatives (a)	$ 9,529,552	$ -	Varies from Monthly to Semi-Annually	Varies from 20 to 65 days
Private Equity/Venture Capital (b)	28,915,601	7,318,907	Not Permitted	N/A
	$ 38,445,153			

D. Investments, Continued:

December 31, 2021:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Marketable Alternatives (a)	$ 10,242,345	$ -	Varies from Monthly to Annually	Varies from 20 to 75 days
Private Equity/Venture Capital (b)	31,509,511	7,875,554	Not Permitted	N/A
	$ 41,751,856			

(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.

The components of gains (losses) from investments for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Realized gains, net	$ 1,522,815	$ 8,010,064
Unrealized gains (losses), net	(17,428,320)	11,532,921
Change in value of planned giving agreements	20,952	(199,779)
Total gains (losses), net	$ (15,884,553)	$ 19,343,206

E. Pledges Receivable:

Pledges receivable of $971,794 and $1,565,451 are recorded in the consolidated financial statements as of December 31, 2022 and 2021, 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 (3.96% at December 31, 2022 and 1.27% at December 31, 2021). The resulting discount amounted to $24,007 at December 31, 2022 and $15,491 at December 31, 2021. An allowance has been made for potentially unfulfilled pledges of $107,977 at December 31, 2022 and $173,939 at December 31, 2021.

E. Pledges Receivable, Continued:

Pledges, net of discounts and allowances, are expected to be collected as follows:

	2022	2021
In one year or less	$ 773,276	$ 1,142,638
Between one and five years	193,466	422,813
Greater than five years	5,052	-
Total Pledges Receivable	$ 971,794	$ 1,565,451

F. 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.

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, 2022 and 2021, are as follows:

	2022		
	Without Donor Restrictions	Donor Restricted	Total
Endowment Net Assets, Beginning of Year	$ 73,120,598	$ 23,098,851	$ 96,219,449
Net assets released from restriction	787,945	(787,945)	-
Investment losses, net	(11,233,425)	(3,515,036)	(14,748,461)
Contributions and transfers	10,920	9,444,595	9,455,515
Endowment spending allocation	(3,378,462)	-	(3,378,462)
Endowment Net Assets, End of Year	$ 59,307,576	$ 28,240,465	$ 87,548,041

F. Endowment, Continued:

	2021		
	Without Donor Restrictions	Donor Restricted	Total
Endowment Net Assets, Beginning of Year	$ 60,823,932	$ 19,210,649	$ 80,034,581
Net assets released from restriction	772,519	(772,519)	-
Investment gains, net	13,511,762	4,258,672	17,770,434
Contributions and transfers	1,005,432	402,049	1,407,481
Endowment spending allocation	(2,993,047)	-	(2,993,047)
Endowment Net Assets, End of Year	$ 73,120,598	$ 23,098,851	$ 96,219,449

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, 2022 and 2021.

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.

G. Notes Receivable, NMTC:

Notes receivable consists of the following at December 31, 2022 and 2021:

	2022	2021
Notes Receivable due 2044; Interest receivable ranges from 1.43% to 1.451%; to be received on the earlier of 2044 or the settlement of AMC's loans payable due 2049	$ -	$ 8,660,730
Total Notes Receivable	$ -	$ 8,660,730

The above referenced notes were part of a financing structured under the New Markets Tax Credit ("NMTC") program of the U.S. Treasury Department and in November 2022 were settled along with the corresponding Loans Payable (see Note K). In connection with these notes, AMC and an outside organization made contributions to AMC Maine Woods Funding, LLC, treated as a partnership under tax law, resulting in a 5% minority ownership by the outside organization. On November 23, 2022, the minority ownership interest was repurchased by the AMC for the original contributed amount of $86,607.

H. Property and Equipment:

Property and equipment consists of the following as of December 31, 2022 and 2021:

	2022	2021
Land	$ 49,489,248	$ 28,925,534
Buildings and improvements	57,588,559	56,606,432
Furniture, fixtures and equipment	8,666,992	7,884,756
Construction in progress	1,587,149	606,119
	117,331,948	94,022,841
Accumulated depreciation	(30,258,962)	(27,709,402)
Property and equipment, net	$ 87,072,986	$ 66,313,439

Depreciation and amortization expense for 2022 totaled $2,628,919 and $2,580,911 for 2021.

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 2024 to 2059.

I. Deferred Payroll Taxes:

During the year ended December 31, 2020, the AMC deferred the deposit and payment of the employer's portion of Social Security taxes as provided for in the Federal CARES Act. This amounted to $456,584 as of December 31, 2020 and was recorded in accrued expenses and other liabilities on the consolidated statements of financial position. During the year ended December 31, 2021, the AMC paid $204,678 of the deferred payroll taxes and the remaining amount of $251,906 remained in accrued expenses and other liabilities on the consolidated statement of financial position at December 31, 2021. The AMC paid the remaining deferred payroll taxes amounting to $251,906 during the year ended December 31, 2022.

J. Leasing Arrangements:

Lessor Leasing Arrangements

As of December 31, 2022 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. The agreements provide for fixed minimum monthly rental income ranging from approximately $4,000 to $20,000 and expire at various times through August 2027. 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 $450,000 and $420,000 for the years ended December 31, 2022 and 2021, respectively.

J. Leasing Arrangements, Continued:

Lessor Leasing Arrangements, Continued

The following is a schedule, by year, of future minimum undiscounted cash flows to be received from the lease payments of the operating leases, as of December 31, 2022:

Years ending December 31,		Amount
2023	$	584,000
2024		567,000
2025		471,000
2026		412,000
2027		181,000
	$	2,215,000

Lessee Leasing Arrangements

The AMC has various long-term, non-cancelable lease agreements to lease 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 $1,000 to $7,500 and expire at various times through 2025.

For the years ended December 31, 2022 and 2021, lease expense under these agreements amounted to approximately $120,000 and $123,000, respectively.

Future minimum lease payments under non-cancelable leases as of December 31, 2022 are as follows:

Years ending December 31,		Amount
2023	$	89,000
2024		23,000
2025		4,000
	$	116,000

K. Loans Payable, NMTC:

Loans payable consists of the following at December 31, 2022 and 2021:

		2022		2021
Secured borrowings due 2049 (subject to put & call agreement); interest payable at 1%	$	-	$	12,611,804
Less unamortized debt issuance costs		-		(74,883)
Total Loans Payable, Net	$	-	$	12,536,921

K. Loans Payable, NMTC, Continued:

The above referenced loans were part of a financing structure under the NMTC program of the U.S. Treasury Department (see also Note G). Loan proceeds were used for specified project expenses in Piscataquis County, Maine by the AMC's wholly owned subsidiary AMC Maine Woods Initiative, LLC. The loans were secured by AMC Maine Woods Initiative, LLC assets, and interest expense for these loans for 2022 was $112,831 and 2021 was $126,118.

In conjunction with the Loans Payable, single purpose lending entities were established by the lenders whose sole activities are the loans to the AMC Maine Woods Initiative, LLC. The AMC had entered into a put and call agreement with the lenders whereby the AMC may acquire the lending entities from the bank in 2022 or thereafter.

On November 22, 2022, the AMC acquired the entities and settled the loan and note payable. The Loan Payable of $12,611,804 and the corresponding Note Receivable of $8,660,730 were fully satisfied, and after payment of certain costs of satisfaction, the AMC recorded debt forgiveness of $3,915,112 as revenue. During the year ended December 31, 2022, the remaining unamortized debt issuance costs of $74,883 were amortized and expensed in the consolidated statement of activities.

L. Net Assets with Donor Restrictions:

At December 31, 2022 and 2021, net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
Subject to Expenditure for Specified Purpose:		
Capital Expenditures at Outdoor Program Centers, Huts & Shelters	$ 193,879	$ 122,900
Capital Campaign Projects	2,368,361	5,029,347
Maine Woods Initiative, LLC projects	94,660	172,188
Grants for Specified Program Purposes	2,040,332	847,273
Other	209,417	300,547
	4,906,649	6,472,255
Subject to Passage of Time:		
Pledges Receivable	971,794	1,565,451
Gift Annuities and Pooled Life Income Funds	219,042	281,981
	1,190,836	1,847,432
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Conservation	5,732,622	2,971,771
Education	4,420,122	5,680,726
White Mountain Huts and Trails	10,290,594	6,829,098
Volunteer Managed Activities	1,208,921	1,497,397
Library and Archives	402,839	493,576
General and Other	1,246,851	1,692,035
Restricted in Perpetuity	4,938,516	3,934,248
	28,240,465	23,098,851
Total Net Assets with Donor Restrictions	$ 34,337,950	$ 31,418,538

M. 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 $3,337,007. The maximum borrowings available under the agreement are $5,000,000, limited to 70% of pledged mutual funds. The agreement provides that any borrowings are due on or before the expiration date of the agreement and bore interest at LIBOR plus 1.45% through November 2022. Beginning in December 2022, borrowings bear interest at the BSBY rate plus 1.45%. There were no outstanding borrowings under the agreement at December 31, 2022 and 2021.

Advanced Deposit on Future Land Purchase

During the year ended December 31, 2022, the AMC completed the purchase of the 26,740 acre property known as the Pleasant River Headwaters Forest for an aggregate price of $19.4 million, pursuant to a purchase and sale agreement entered into during 2019. As of December 31, 2021 the AMC had advanced $16,154,000 towards this purchase, which was reflected in the Statement of Financial Position as Advanced Deposit on Future Land Purchase. This balance included $3,700,000 paid during the year ended December 31, 2021 and was applied to the purchase at closing.

N. 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 $620,294 for 2022 and $440,977 for 2021.

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.

O. Extraordinary Grant:

Conditional Grant

During March 2021, the AMC received a conditional grant from Primary Bank through the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") in the amount of $2,000,000. PPP funding is legally structured as a forgivable loan by the SBA. In order to achieve full or partial forgiveness of the loan, the AMC was required to spend funds received over a defined time period on specific staff, benefits and other costs, to account for its full-time equivalent level of staffing and wage related conditions, and meet other terms and conditions. The AMC elected to account for the PPP loan as a conditional grant in accordance with ASC Topic 958-605, *Revenue Recognition*. During the year ended December 31, 2021 management believed the AMC met the substantial requirements for full forgiveness of the loan and as such, recorded a grant in the amount of $2,000,000. Management deemed the forgiveness application and approval process to be an administrative matter and not a significant condition to the recognition of the grant. Final determination with regards to forgiveness of the conditional grants was to be made by the SBA with any unallowed amounts required to be repaid. In June 2022, the AMC received full forgiveness of the $2,000,000 of grant funds received through the PPP.

P. COVID-19:

The COVID-19 outbreak had a significant impact on AMC's operations during the year ended December 31, 2021 and, to a lesser extent, the year ended December 31, 2022. The consolidated financial statements reflect that impact, most notably in the reduced levels of Outdoor Program Centers and Programs revenues and expenses for 2021 and increased levels in these areas for 2022.