THE APPALACHIAN TRAIL CONSERVANCY

Harpers Ferry, West Virginia

FINANCIAL STATEMENTS

DECEMBER 31, 2008

C O N T E N T S

Yount
Hyde &
Barbour
Certified Public Accountants
and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Appalachian Trail Conservancy
Harpers Ferry, West Virginia

We have audited the accompanying statement of financial position of The Appalachian Trail Conservancy as of December 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of The Appalachian Trail Conservancy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Appalachian Trail Conservancy as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated March 9, 2009 on our consideration of The Appalachian Trail Conservancy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

50 South Cameron Street
P.O. Box 2560
Winchester, VA 22604
(540) 662-3417
FAX (540) 662-4211
Offices located in: Winchester, Middleburg, Leesburg, Culpeper, and Richmond, Virginia
Member: American Institute of Certified Public Accountants / Virginia Society of Certified Public Accountants

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. The accompanying schedule of functional expenses for the year ended December 31, 2008, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
March 9, 2009

THE APPALACHIAN TRAIL CONSERVANCY

Statement of Financial Position

December 31, 2008

Assets	**General Fund**	**Land Acquisition Fund**	**Life Membership Fund**	**Monitoring Fund**	**Stewardship Fund**	**Annuity Fund**	**Total All Funds**
Current Assets							
Cash and cash equivalents (Note 2)	$ 670,829	$ 250	$ - -	$ - -	$ 2,017	$ - -	$ 673,096
Accounts receivable, net (Note 4)	1,520,463	2,073	495	- -	- -	50	1,523,081
Interfund receivables	- -	652,205	556,163	60,684	- -	- -	1,269,052
Inventory	240,181	- -	- -	- -	- -	- -	240,181
Prepaid expenses	84,649	- -	- -	- -	- -	- -	84,649
Total current assets	$ 2,516,122	$ 654,528	$ 556,658	$ 60,684	$ 2,017	$ 50	$ 3,790,059
Non-Current Assets							
Assets restricted for long-term purposes (Notes 3 and 11)	- -	167,183	1,116,331	89,589	1,972,514	813,306	4,158,923
Land held for resale (Note 6)	- -	1,310,823	- -	- -	- -	- -	1,310,823
Property and equipment, net (Note 5)	176,655	727,277	- -	- -	- -	- -	903,932
Other assets, deposits	4,397	- -	- -	- -	- -	- -	4,397
Land held in conservancy (Note 6)	- -	996,301	- -	- -	- -	- -	996,301
Total assets	$ 2,697,174	$ 3,856,112	$ 1,672,989	$ 150,273	$ 1,974,531	$ 813,356	$ 11,164,435
Liabilities and Net Assets							
Current Liabilities and Deferred Revenues							
Accounts payable and accrued expenses	$ 568,687	$ - -	$ - -	$ - -	$ - -	$ 1,750	$ 570,437
Deferred revenues (Note 13)	819,995	- -	- -	- -	- -	- -	819,995
Interfund payables	91,726	- -	- -	- -	1,118,114	59,212	1,269,052
Current maturities of annuities payable (Note 11)	- -	- -	- -	- -	- -	30,518	30,518
Total current liabilities and deferred revenues	$ 1,480,408	$ - -	$ - -	$ - -	$ 1,118,114	$ 91,480	$ 2,690,002
Long-Term Liabilities							
Annuities payable, less current maturities (Note 11)	- -	- -	- -	- -	- -	452,793	452,793
Total liabilities and deferred revenues	$ 1,480,408	$ - -	$ - -	$ - -	$ 1,118,114	$ 544,273	$ 3,142,795
Net Assets							
Unrestricted (Note 12)	$ 1,044,529	$ - -	$ - -	$ - -	$ 111,028	$ (21,914)	$ 1,133,643
Temporarily restricted (Notes 14 and 15)	172,237	3,299,811	- -	150,273	10,781	290,997	3,924,099
Permanently restricted (Notes 14 and 15)	- -	556,301	1,672,989	- -	734,608	- -	2,963,898
Total net assets	1,216,766	3,856,112	1,672,989	150,273	856,417	269,083	8,021,640
Total liabilities and net assets	$ 2,697,174	$ 3,856,112	$ 1,672,989	$ 150,273	$ 1,974,531	$ 813,356	$ 11,164,435

See Notes to Financial Statements.

THE APPALACHIAN TRAIL CONSERVANCY

Statement of Activities

For the Year Ended December 31, 2008

	General Fund	Land Acquisition Fund	Life Membership Fund	Monitoring Fund	Stewardship Fund	Annuity Fund	Total All Funds
Changes in unrestricted net assets:							
Revenue and Gains:							
Public support, contributions	$ 770,460	$ - -	$ - -	$ - -	$ - -	$ 10,000	$ 780,460
In-kind contributions	123,058	- -	- -	- -	- -	- -	123,058
Membership	1,153,647	- -	- -	- -	- -	- -	1,153,647
Contractual services (Note 7)	2,216,485	- -	- -	- -	- -	- -	2,216,485
Sales	901,930	- -	- -	- -	- -	- -	901,930
Net investment income (Note 3)	17,367	- -	- -	- -	99,688	43,504	160,559
Other	109,392	- -	- -	- -	- -	- -	109,392
Net unrealized and realized gains (losses) on investments (Note 3)	171	- -	- -	- -	(813,656)	(365,449)	(1,178,934)
Total unrestricted revenues and gains (losses)	$ 5,292,510	$ - -	$ - -	$ - -	$ (713,968)	$ (311,945)	$ 4,266,597
Net assets released from restrictions:							
Release of investment income (Note 3)	$ - -	$ 7,192	$ 63,894	$ - -	$ 112,907	$ - -	$ 183,993
Satisfaction of program restrictions (Note 14)	527,641	88,441	6,483	10,696	11,175	4,956	649,392
Total net assets released from restrictions	$ 527,641	$ 95,633	$ 70,377	$ 10,696	$ 124,082	$ 4,956	$ 833,385
Total unrestricted revenues, gains (losses), and other support	$ 5,820,151	$ 95,633	$ 70,377	$ 10,696	$ (589,886)	$ (306,989)	$ 5,099,982
Expenses							
Program Services:							
Conservation	$ 2,967,669	$ - -	$ - -	$ - -	$ - -	$ - -	$ 2,967,669
Land trust	73,674	56,023	- -	10,176	- -	- -	139,873
Membership services	440,936	- -	- -	- -	- -	- -	440,936
Public information	75,747	- -	- -	- -	- -	- -	75,747
Education and outreach	128,171	- -	- -	- -	- -	- -	128,171
Publications	1,489,608	- -	- -	- -	- -	- -	1,489,608
Total program services	$ 5,175,805	$ 56,023	$ - -	$ 10,176	$ - -	$ - -	$ 5,242,004
Supporting Services:							
Development	$ 491,054	$ - -	$ - -	$ - -	$ - -	$ - -	$ 491,054
Management and general	577,663	32,418	6,483	520	11,175	4,956	633,215
Total supporting services	$ 1,068,717	$ 32,418	$ 6,483	$ 520	$ 11,175	$ 4,956	$ 1,124,269
Total expenses	$ 6,244,522	$ 88,441	$ 6,483	$ 10,696	$ 11,175	$ 4,956	$ 6,366,273
Other Changes in Net Assets							
Transfer of investment income to general fund (Note 3)	$ 183,993	$ (7,192)	$ (63,894)	$ - -	$ (112,907)	$ - -	$ - -
Transfer from Stewardship fund to support Operating Loss	209,469	- -	- -	- -	(209,469)	- -	- -
Annuity actuarial adjustment (Note 11)	- -	- -	- -	- -	- -	(50,258)	(50,258)
Total other changes in net assets	$ 393,462	$ (7,192)	$ (63,894)	$ - -	$ (322,376)	$ (50,258)	$ (50,258)
(Decrease) in unrestricted net assets	$ (30,909)	$ - -	$ - -	$ - -	$ (923,437)	$ (362,203)	$ (1,316,549)

See Notes to Financial Statements.

THE APPALACHIAN TRAIL CONSERVANCY

Statement of Activities
(Continued)
For the Year Ended December 31, 2008

	General Fund	Land Acquisition Fund	Life Membership Fund	Monitoring Fund	Stewardship Fund	Annuity Fund	Total All Funds
Changes in temporarily restricted net assets:							
Public support, contributions	$ 558,550	$ 14,475	$ - -	$ 3,500	$ - -	$ - -	$ 576,525
Net investment income (Note 3)	- -	8,792	- -	4,711	- -	- -	13,503
Net unrealized and realized losses on investments (Note 3)	- -	(72,719)	- -	(38,942)	- -	- -	(111,661)
Release of investment income to general fund (Note 3)	- -	(7,192)	- -	- -	- -	- -	(7,192)
Net assets released from restrictions (Note 14)	(527,641)	(88,441)	- -	(10,696)	- -	(4,956)	(631,734)
Increase (decrease) in temporarily restricted net assets	$ 30,909	$ (145,085)	$ - -	$ (41,427)	$ - -	$ (4,956)	$ (160,559)
Changes in permanently restricted net assets:							
Public support, contributions	$ - -	$ - -	$ - -	$ - -	$ 78,200	$ - -	$ 78,200
Membership	- -	- -	115,845	- -	- -	- -	115,845
Net investment income (Note 3)	- -	- -	57,706	- -	- -	- -	57,706
Net unrealized and realized losses on investments (Note 3)	- -	- -	(480,444)	- -	- -	- -	(480,444)
Net assets released from restrictions (Note 14)	- -	- -	(6,483)	- -	(11,175)	- -	(17,658)
Release of investment income to general fund (Note 3)	- -	- -	(63,894)	- -	(112,907)	- -	(176,801)
Decrease in permanently restricted net assets	$ - -	$ - -	$ (377,270)	$ - -	$ (45,882)	$ - -	$ (423,152)
Decrease in net assets	$ - -	$ (145,085)	$ (377,270)	$ (41,427)	$ (969,319)	$ (367,159)	$ (1,900,260)
Net assets at beginning of year, before prior period adjustment	1,216,766	3,561,197	2,050,259	191,700	1,825,736	636,242	9,481,900
Prior period adjustment (Note 16)	- -	440,000	- -	- -	- -	- -	440,000
Net assets at end of year, after prior period adjustment	$ 1,216,766	$ 3,856,112	$ 1,672,989	$ 150,273	$ 856,417	$ 269,083	$ 8,021,640

See Notes to Financial Statements.

THE APPALACHIAN TRAIL CONSERVANCY

Statement of Cash Flows
For the Year Ended December 31, 2008

Cash Flows from Operating Activities		
Change in net assets	$	(1,900,260)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		71,391
Net realized and unrealized losses and losses on investments		1,771,035
Receipt of permanently restricted contributions and life membership income		(78,200)
Changes in operating assets and liabilities:		
Increase in receivables		(244,678)
Decrease in inventories		17,388
Increase in prepaid expenses		(15,286)
Increase in accounts payable and accrued expenses		179,832
Increase in deferred revenues		271,641
Decrease in annuities payable		(38,299)
Net cash provided by operating activities	$	34,564
Cash Flows from Investing Activities		
Purchase of equipment	$	(28,186)
Purchase of long-term investments		(1,503,329)
Proceeds from sale and maturity of long-term investments		1,232,014
Decrease in other assets		25,302
Net cash (used in) investing activities	$	(274,199)
Cash Flows from Financing Activities,		
receipt of permanently restricted contributions and life membership income	$	78,200
Decrease in cash and cash equivalents	$	(161,435)
Cash and Cash Equivalents		
Beginning		834,531
Ending	$	673,096
Supplemental Schedule of Noncash Investing and Financing Activities		
Stock donations	$	36,926
Various equipment and donated services	$	123,058

See Notes to Financial Statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The Appalachian Trail Conservancy (the Conservancy) is a nonprofit, volunteer-centered corporation organized in 1925 and incorporated in 1936 under the laws of the District of Columbia. The Conservancy was organized to promote, construct and manage the Appalachian Trail and its associated lands in the public interest for hiking and other recreation on foot and for the study of nature along the ridgecrests of the Appalachian Mountains through 14 states from northern Georgia to central Maine. Beginning in the 1920s, Conservancy volunteers conceived, blazed and maintained the Appalachian Trail, which is now 2,175 miles long.

The Conservancy works closely with 30 autonomous local member clubs along the Appalachian Trail in a coordinated effort to carry out the Conservancy's missions. Under a series of agreements, dating back to the 1930s, with the U.S. Department of the Interior, the U.S. Department of Agriculture Forest Service, and various state agencies, these clubs, in coordination with the Conservancy, help to maintain the footpath and its facilities (shelters, bridges, signs, etc.) and manage approximately 108,841 acres of National Park Service land that has been acquired specifically to protect the footpath from incompatible uses and development.

Additionally, the work of the Conservancy extends beyond resource management and into the realm of public information and education. The Conservancy has an extensive publications program that includes guidebooks, maps, newsletters, and other books about the Appalachian Trail and its resources. Our communications extend to our visitor's center, which plays host to almost 10,000 people annually. Our information staff addresses almost 30,000 mail and e-mail inquiries each year, and our Web site averages 60,000 visits each month.

The Conservancy is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar sections of state statutes.

A summary of the significant accounting policies is as follows:

Financial Reporting

The Conservancy's financial statements are presented on the accrual basis of accounting. The Conservancy's management has adopted FASB No. 117, "Financial Statements of Not-for-Profit Organizations." The Statement establishes standards for external financial statements provided by not-for-profit organizations and requires the Conservancy to report information regarding its financial position and activities according to the "net asset" concept. Net assets are segregated by unrestricted, temporarily restricted and permanently restricted categories. Statement 117 requires that all not-for-profit organizations provide a statement of financial position, a statement of activities and a statement of cash flows.

Notes to Financial Statements

Fund Accounting

In order to ensure the observance of limitations and restrictions placed on the use of resources available to the Conservancy, its accounts are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund. In accordance with SFAS No. 117, fund balances are classified on the statement of financial position as unrestricted, temporarily restricted, or permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions.

Unrestricted Funds

The General Fund represents funds that are derived primarily from support and revenues in the form of contributions, governmental contracts, membership dues, and sales of publications. Resources are used to help meet the costs of providing the Conservancy's programs and supporting services, and plant and equipment, both purchased and donated.

Restricted Funds

Restricted funds are used to record the Conservancy's activities that are supported by resources whose use is limited by external parties to specific operating purposes. The principal sources of restricted funds are contributions from donors; contracts and grants; endowment income; and other sources where resource providers have stipulated the specific operating purposes for which the resources are to be used.

The Monitoring Fund is a restricted fund representing contributions received that have been restricted for use in the maintenance and protection of specified lands on or near various portions of the Appalachian Trail.

Endowment Funds

There are three types of endowment funds: permanent endowment; term endowment; and quasi-endowment. Permanent endowment refers to amounts that have been contributed with donor-specified restrictions that the principal be invested in perpetuity. Donors may also restrict income from those investments. Term endowment is similar to permanent endowment, except that at some future time or upon the occurrence of a specified future event, the resources originally contributed become available for unrestricted or purpose-restricted use by the entity. Quasi-endowment refers to resources designated by an entity's governing board to be retained and invested for specified purposes for a long but unspecified period. The Conservancy's endowment funds contain a combination of the different types described above. The investment income received on the Land Acquisition, Life Membership and Stewardship Funds is transferred in accordance with the Conservancy's investment and spending policy which establishes a spending limit of up to 4.5 percent of the portfolio's market value at December 31 of the prior three years.

The Life Membership Fund consists of receipts from full Conservancy Life Members or time payments on Conservancy Life Memberships. The principal of the Life Membership Fund is restricted; however, some earnings from investments held by the Life Membership Fund are transferred to the General Fund in accordance with the Conservancy's investment and spending policy.

The Stewardship Fund consists of endowment funds intended to offset the costs associated with trail construction, maintenance, and land management activities. Part of the principal of the Stewardship Fund is restricted; however, some earnings from investments held by the Stewardship Fund are transferred to the General Fund in accordance with the Conservancy's investment and spending policy.

Land Acquisition Fund

The Land Acquisition Fund consists of assets restricted for the purposes of acquiring land and interests in land along the Appalachian Trail. Proceeds from the sale of such lands to various Federal and state agencies, as well as individual conservation buyers, are deposited in this fund for future acquisitions. The principal of the Land Acquisition Fund is restricted; however, some earnings from investments held by the Land Acquisition Fund are transferred to the General Fund in accordance with the Conservancy's investment and spending policy.

Annuity Funds

The Annuity Fund is used by the Conservancy to account for resources provided by donors under various kinds of agreements in which the Conservancy has a beneficial interest in the resources but may not be the sole beneficiary. As described more fully in Note 11, the Conservancy participates in various charitable trusts and offers charitable gift annuities.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions, and all highly liquid debt instruments.

Inventories

Inventories consist of materials held for sale by the Conservancy and are stated at the lower of cost (first-in, first-out method) or market.

Investments

The Conservancy has adopted Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." This Statement requires that investments in equity securities with readily determined fair values and all investments in debt securities be measured at fair value in the statement of financial position. Investments that are received as gifts are recorded at their market value at the date of the gift, which then becomes their cost. Gains or losses on the sale of investments are determined based on the cost of the investments.

Land Held in Conservancy and Land Held for Resale

Lands held in conservancy are recorded at cost or, if donated, at the estimated fair market value of the land on the date of the donation. Because the Conservancy intends to hold the lands held in conservancy indefinitely, write-downs for permanent impairments in the value of the lands are not recorded.

Lands held for resale are similarly recorded at cost or at the estimated fair market value of the land on the date of the donation. Such lands are subsequently written down for declines in market values with the corresponding charge to operations. Upon sale, gains and losses are reported as increases and decreases, respectively, to the Conservancy's Land Acquisition Fund.

The Conservancy, at times, sells at less than fair market value assets to individual landowners in exchange for conservation restrictions placed upon the landowner's lands. The Conservancy records such transactions as expenditures in the period incurred.

Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost. The fair value of donated assets at the date of the gift is similarly capitalized. Depreciation is computed by the straight-line method over the estimated useful lives of the assets ranging from three to thirty years. The depreciation expense was $71,391 for the year ended December 31, 2008.

Resources restricted by donors for plant replacement and expansion are added to the unrestricted fund balance to the extent expended within the period.

Donated Goods, Services and Facilities

Donated materials, equipment and other assets are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of the gift. The Conservancy recognizes contribution revenue for services requiring specialized skills received at the fair value of those services. During the year, the Conservancy received donated consulting services of $30,325 and donated goods of $92,733. In addition, 6,320 volunteers donated 202,260 hours to the Conservancy's programs, fund-raising campaigns and management for which no amounts have been recognized in the financial statements since no objective basis is available to measure the value of such services.

Contributions

The Conservancy's management has adopted FASB No. 116, "Accounting for Contributions Received and Contributions Made." Statement 116 requires revenues to be recognized for all unconditional promises to give, including those with donor imposed restrictions, at the time of receipt of the promise. The Statement also requires certain disclosures for receipts of contributed services and promises to give.

Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts of land, buildings and equipment are presented as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Conservancy reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service (as the assets are used in the Conservancy's activities).

Revenue Recognition

Grant revenue is recognized when the related costs are incurred. Deferred revenue is recorded for grant funds that the Conservancy has been awarded but for which it has not incurred related expenses.

Government support is recognized when the services have been provided and the related expenses have been incurred for which the Government support has been restricted.

Membership dues are recognized as revenue on a pro-rata basis over the period to which the dues relate, for only the portion of the dues for which the member receives goods or services. The remaining contribution portion of the dues is recognized as revenue in the year the dues are received.

Donations are recognized as income in the period in which they are received and are considered to be available for unrestricted use unless specifically restricted by the donor. However, if a restriction is fulfilled in the same period in which the contribution is received, the Conservancy reports the support as unrestricted.

Expense Allocation

Overhead expenses that are not specifically identified with a particular service are allocated to the various program services based upon a percentage of dollars spent on salaries for Conservancy staff in performing program functions.

Credit Risk

The Conservancy grants credit to its trade customers on terms it establishes for each customer type and does not require collateral for credit extended.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Cash Concentrations

As of December 31, 2008, the Conservancy had $701,397 on deposit with commercial financial institutions. Of this amount, $687,540 was held in a repurchase agreement which is backed by United States Government securities or United States Government Agency securities maintained by the Bank.

Note 3. Assets Restricted for Long-Term Purposes

As stated in Note 1, the Conservancy has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." This Statement requires that investments be carried at fair value. Investments with a fair market value of $4,158,923 as of December 31, 2008, consisted of mutual fund investments.

The Conservancy's mutual fund investments include its sole Unitrust in the Annuity Fund in the amount of $170,667 as of December 31, 2008.

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2008:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income	$ 160,559	$ 13,503	$ 57,706	$ 231,768
Net realized and unrealized gains (losses)	(1,178,934)	(111,661)	(480,444)	(1,771,039)
	$ (1,018,375)	$ (98,158)	$ (422,738)	$ (1,539,271)

The Conservancy manages its investments on a total return basis. Under this concept, the Conservancy focuses on the overall return on their investments, including both investment income and net appreciation. It uses a spending-rate formula to determine how much of that return is available to support current operations. Investment income was released to support general operations in accordance with Conservancy's spending policy as follows:

Land Acquisition Fund	$ 7,192
Life Membership Fund	63,894
Stewardship Fund	112,907
	$ 183,993

Subsequent to year-end, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the Conservancy's investments have likely incurred a significant decline in fair value since December 31, 2008.

Note 4. Accounts Receivable

Accounts receivable at December 31, 2008, consisted primarily of trade receivables, bequests receivable, and amounts due from the National Park Service. Net accounts receivable consist of the following:

Federal	$ 1,157,103
State	284,256
Trade	24,743
Other	59,888
Allowance for doubtful accounts	(2,909)
	$ 1,523,081

The allowance for doubtful accounts is computed as ½ of 1% of current year sales.

Note 5. Property and Equipment

A summary of property and equipment is as follows:

Land	$ 20,000
Building and improvements	1,451,158
Furniture and equipment	712,395
Computer Software	370,148
	$ 2,553,701
Less accumulated depreciation and amortization	(1,649,769)
	$ 903,932

Note 6. Land Held in Conservancy and Land Held for Resale

The Conservancy holds title to various parcels of real estate located along the Appalachian Trail. Such lands are classified by the Conservancy as land held in conservancy or land held for resale. The Conservancy is not in the development or real estate business but a guardian of the lands adjacent to the trail. Land held in conservancy at December 31, 2008 amounted to $996,301 and represents real estate held by the Conservancy that the Conservancy intends to hold indefinitely.

Land held for resale at December 31, 2008 amounted to $1,310,823 and represents real estate that the Conservancy intends to sell to a Federal or State agency that governs the portion of the Appalachian Trail in which the real estate lies, or to conservation-minded individuals interested in acquiring land with significant restrictions designed to protect the trail.

Note 7. Contractual Services

The Conservancy receives a significant amount of its support and revenue from cooperative agreements and cost-share agreements with the National Park Service, the United States Forest Service and various state agencies. Support received from these agencies was $2,216,485 during the year ended December 31, 2008. A significant reduction in the level of this support, if this were to occur, may have a significant impact on the Conservancy's programs and activities.

Note 8. Pension Plan

The Conservancy provides an IRC 403(b) Employer Contributory Tax Deferral Annuity Plan (a defined contribution plan). Employees can contribute to the plan effective immediately upon date of hire. To be eligible for employer contributions, the employee must be at least 21 years of age and have worked a minimum of 1,000 hours within a twelve-month consecutive period. Total covered payroll (eligible employees' compensation) and total payroll for all employees was $2,084,854 and $2,108,381, respectively, for the year ended December 31, 2008.

The pension plan covers all of the Conservancy's employees who meet the requirements stated above. Members' rights to contributions vest immediately. Contributions to the pension plan by the Conservancy are based on 2% of eligible employees' compensation. In addition, in 2001, the Conservancy approved a matching contribution up to 3% to encourage participation. Total contributions to the pension plan by the Conservancy were $81,855 for the year ended December 31, 2008.

Note 9. Lease Commitments and Total Rental Expense

The Conservancy leases facilities to house its regional offices and various equipment under arrangements that are classified as operating leases. The leases generally require the Conservancy to pay for all normal maintenance, utilities and liability insurance costs. Rental expense for the year ended December 31, 2008, was $120,999.

The future minimum lease payments under noncancellable operating leases are as follows for the years ended December 31:

2009	$ 117,833
2010	78,479
2011	19,756
2012	10,780
	$ 226,848

Note 10. Related-Party Transactions

Among the Conservancy's Board members and officers are volunteers from the financial, legal and environmental community who provide valuable assistance to the Conservancy in the development of policies and programs and in the evaluation of awards and grants. Under the Conservancy's conflict of interest disclosure policy, the Executive Director and the Chief Operating Officer review all transactions with related parties. Based on their review, significant transactions are submitted to the Board of Directors for approval. For the year ended December 31, 2008, substantially all awards and grants, which approximated $24,976, were disbursed to groups with which one or more Board members were associated as volunteers. These groups maintain the Appalachian Trail in their local areas.

Note 11. Annuities Payable

The Conservancy administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Conservancy's use. The portion of the trust attributable to the present value of the future benefits to be received by the Conservancy is recorded in the Statement of Activities as a temporarily restricted or permanently restricted contribution in the period the trust is established. When necessary, the Conservancy revalues the liability to the designated beneficiaries. There were no charitable remainder trusts established during 2008.

Assets held in charitable remainder trusts and in fulfillment of charitable gift annuity contracts totaled $813,306 at December 31, 2008 and are reported at fair market value in the Conservancy's Statement of Financial Position. The present value of the estimated future payments for remainder trusts is calculated using discount rates determined at the inception of the trust and applicable mortality tables.

The Conservancy had one new annuity contract in 2008. A charitable gift annuity is an arrangement between a donor and the Conservancy in which the donor contributes assets to the organization in exchange for a promise by the organization to pay a fixed amount for a specified period of time to the donor or to individuals or organizations designated by the donor. The assets received are held as general assets of the Conservancy, and the annuity liability is a general obligation of the Conservancy; however, they are maintained in the Annuity Fund.

Adjustments to the annuity liability were made to reflect amortization of the discount and changes in life expectancies. For the year ended December 31, 2008, the annuity actuarial adjustment amounted to $50,258. Total liability under split-interest agreements totaled $483,311 at December 31, 2008.

Note 12. Unrestricted Net Assets

Unrestricted net assets are often designated by the Board of Directors for particular purposes and programs. Board designations in effect at December 31, 2008 were as follows:

Stewardship Fund – bequests designated in accordance with contributions policy	$ 111,028

Note 13. Deferred Revenues

Deferred revenues consisted of the following at December 31, 2008:

Deferred memberships	$ 69,950
Deferred - National Park Service (NPS)	750,045
	$ 819,995

Note 14. Net Assets Released from Restrictions

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events specified by the donors were as follows for the year ended December 31, 2008:

General Fund:	
Conservation Projects	$ 527,641
Land Acquisition Fund:	
Acquisition expenditures	$ 88,441
Life Membership Fund:	
Life Member Expenses	$ 6,483
Monitoring Fund:	
Monitoring Expenses	$ 10,696
Stewardship Fund:	
Michael Bequarert - Andrew Kingery Shelter Memorial Fund	$ 1,010
Sperling Memorial Shelter - Improvement Fund	228
Smart Family Foundation	458
The Ilus and Dr. Bernard Grunstein Fund	536
The Ebenstein and Wallach Fund	536
The Janelle C. Maurer Fund	872
The William T. Foot Memorial Endowment Bridge Fund	572
Investment fees and other	6,963
	$ 11,175
Annuity Fund:	
Annuity Expenses	$ 4,956
Total net assets released from restrictions	$ 649,392

If a restriction is fulfilled in the same period in which the contribution is received, the Conservancy reports the support as unrestricted. The Conservancy received $499,244 in contributions during 2008, where the restrictions were fulfilled by year-end.

Note 15. Net Assets

Temporarily restricted net assets are available for the following purposes:

Conservation Projects (General Fund)	$	172,237
Acquisition of land/interests along the Appalachian Trail (Land Acquisition Fund)		3,299,811
Monitoring Fund, monitoring of Appalachian Trail Conference Lands		150,273
Stewardship Fund		10,781
Annuity Fund, annuity trust agreements		290,997
Total temporarily restricted net assets	$	3,924,099

Permanently restricted net assets are restricted as follows:

Permanently restricted net assets are restricted as follows:		
Land Acquisition Fund		
Acquisition of land/interests along the Appalachian Trail	$	556,301
Life Membership Fund		
Investments in perpetuity, the income of which may be expended to support ATC general and program expenditures	$	1,672,989
Stewardship Fund		
Sperling Memorial Shelter - Improvement Fund	$	3,831
Investments in perpetuity, the income from which may be expended for trail construction and maintenance and trail-land management activities		656,694
Michael Bequaert - Andrew Kingery Shelter Memorial Fund		16,948
Smart Family Foundation		7,683
The George Ebenstein and Ernest Wallach Fund		8,984
The Ilus and Dr. Bernard Grünstein Fund		8,984
The William T. Foot Memorial Endowment Bridge Fund		9,586
The Ingram Fund		7,269
The Janelle C. Maurer Fund		14,629
Total Stewardship Fund	$	734,608
Total permanently restricted net assets	$	2,963,898

Note 16. The Appalachian Trail Conservancy VISA

The Conservancy has a licensing agreement with a financial institution whereby the financial institution agreed to issue credit cards using the Conservancy's name and logo on the front and back of the cards. Under the terms of the agreement, the Bank makes all credit decisions and assumes all credit risk associated with issuing the cards. In exchange for the use of the Conservancy's name and logo, the Bank pays the Conservancy a set amount for each account opened or renewed, and an additional amount based on the retail sales volume of the cards issued. Under the agreement, the Conservancy received $25,083 during the year ended December 31, 2008.

Note 17. Prior Year Adjustment

The financial statements as of December 31, 2007 have been adjusted to record the $440,000 donation of Scenic Holdings. The adjustment resulted in a $440,000 increase in temporarily restricted net assets.

Note 18. Recently Issued Pronouncement

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements ("SFAS 157"). SFAS 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 clarifies the definition of exchange price as the price between market participants in an orderly transaction to sell an asset or transfer a liability in the market in which the reporting entity would transact for the asset or liability, that is, the principal or most advantageous market for the asset or liability. The changes to current practice resulting from the application of this statement relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years for financial assets and liabilities such as derivatives measured at fair value under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, investments in securities under SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, etc. SFAS 157 has been deferred until fiscal years beginning after November 15, 2008 for nonfinancial assets and liabilities such as asset retirement obligations measured at fair value at initial recognition under SFAS No. 143, Accounting for Asset Retirement Obligations, long-lived asset groups measured at fair value under SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, liabilities for exit or disposal activities measured at fair value under SFAS No. 146, Accounting for Costs Associated With Exit or Disposal Activities, etc. The Organization adopted the provisions of this new accounting principle as it relates to financial assets and financial liabilities. The Organization has not assessed the impact of adopting this new accounting principle on its financial position, results of operations and cash flows and has not determined if the adoption will have a material effect on its financial statements as it relates to nonfinancial assets and nonfinancial liabilities.

Note 19. Endowment

The Conservancy's endowment consists of three funds established for land acquisition, life membership and stewardship. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by 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 Board of Directors of the Conservancy has interpreted the state law as allowing the investment income and appreciation/depreciation (unrealized and realized gains and losses) to be accumulated or depreciated from the respective funds. As a result of this interpretation, the Conservancy classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the accumulations to the permanent endowment.

The Conservancy has adopted an investment policy to provide current income to support programs of the Conservancy and to achieve such growth of principal and income over time that purchasing power will be preserved or increased. The equity/fixed-income ratio will generally be 60/40 as determined by the Finance Committee based upon the current market environment, income needs, and recommendations from the committee.

The Conservancy has adopted a spending policy for distribution each year which allows distribution up to 4.5 percent of the portfolio's market value as of December 31 of the past three years.

Changes in endowment net assets for the year ending December 31, 2008 were as follows:

	Unrestricted (Board Designated)	Permanently Restricted
Endowment net assets, beginning of year	$ 1,034,465	$ 3,387,050
Investment return:		
Investment income	99,688	57,706
Net depreciation (realized and unrealized)	(813,656)	(480,444)
	(713,968)	(422,738)
Contributions	- -	194,045
Appropriation of endowment assets for expenditure	- -	(194,459)
Transfer from board designated to unrestricted	(209,469)	- -
Endowment net assets, end of year	$ 111,028	$ 2,963,898

THE APPALACHIAN TRAIL CONSERVANCY

Schedule of Functional Expenses
Year Ended December 31, 2008

	Program Services											
	Trail Management and Protection			User and Supporter Services								
	Conservation	Land Trust	Total	Membership Services	Public Information	Education & Outreach	Publications	Total	Program Services Total	Development	Management and General	Total Expenses
Salaries, wages and payroll taxes	$ 1,198,743	$ 51,079	$ 1,249,822	$ 180,359	$ 52,802	$ 31,103	$ 316,680	$ 580,944	$ 1,830,766	$ 110,438	$ 345,353	$ 2,286,557
Employee benefits	135,084	7,485	142,569	17,634	17,633	- -	37,016	72,283	214,852	24,427	71,384	310,663
Contract services	1,151,532	26,434	1,177,966	1,175	- -	30,118	64,194	95,487	1,273,453	25,482	77,520	1,376,455
Supplies	86,750	373	87,123	1,951	836	929	39,245	42,961	130,084	2,634	24,848	157,566
Postage	7,482	374	7,856	103,121	1,641	250	180,262	285,274	293,130	103,622	6,810	403,562
Printing	8,294	16	8,310	85,460	- -	- -	123,361	208,821	217,131	73,649	- -	290,780
Personnel development	5,070	1,014	6,084	2,661	200	263	1,216	4,340	10,424	5,842	4,608	20,874
Promotional	5,533	- -	5,533	1,990	450	- -	17,882	20,322	25,855	5,055	- -	30,910
Fulfillment	50	- -	50	2,298	23	- -	422,261	424,582	424,632	26,562	- -	451,194
Travel	93,514	2,740	96,254	1,343	161	4,421	13,299	19,224	115,478	15,973	19,499	150,950
Meetings and conferences	34,036	550	34,586	- -	- -	35,276	3,394	38,670	73,256	1,555	8,386	83,197
Licenses and fees	497	90	587	39,011	- -	- -	22,566	61,577	62,164	25,149	26,460	113,773
Grants	123,005	15,000	138,005	- -	- -	10,541	2,500	13,041	151,046	- -	719	151,765
Organization infrastructure	84,342	2,635	86,977	- -	19	13,383	190,540	203,942	290,919	1,372	(30,998)	261,293
Bad debt expense	- -	25,000	25,000	- -	- -	- -	- -	- -	25,000	- -	- -	25,000
Other expenses	33,737	7,083	40,820	3,933	1,982	1,887	55,192	62,994	103,814	69,294	78,626	251,734
Total expenses	$ 2,967,669	$ 139,873	$ 3,107,542	$ 440,936	$ 75,747	$ 128,171	$ 1,489,608	$ 2,134,462	$ 5,242,004	$ 491,054	$ 633,215	$ 6,366,273

Yount Hyde & Barbour
Certified Public Accountants
and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
The Appalachian Trail Conservancy
Harpers Ferry, West Virginia

We have audited the financial statements of The Appalachian Trail Conservancy as of and for the year ended December 31, 2008, and have issued our report thereon dated March 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Appalachian Trail Conservancy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Appalachian Trail Conservancy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Appalachian Trail Conservancy's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

50 South Cameron Street
P.O. Box 2560
Winchester, VA 22604
(540) 662-3417
FAX (540) 662-4211

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Appalachian Trail Conservancy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Audit Committee, the Board of Directors, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
March 9, 2009

Yount Hyde & Barbour
Certified Public Accountants
and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
The Appalachian Trail Conservancy
Harpers Ferry, West Virginia

Compliance

We have audited the compliance of The Appalachian Trail Conservancy with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The Appalachian Trail Conservancy's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of The Appalachian Trail Conservancy's management. Our responsibility is to express an opinion on The Appalachian Trail Conservancy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Appalachian Trail Conservancy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on The Appalachian Trail Conservancy's compliance with those requirements.

In our opinion, The Appalachian Trail Conservancy complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of The Appalachian Trail Conservancy is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The Appalachian Trail Conservancy's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Appalachian Trail Conservancy's internal control over compliance.

50 South Cameron Street
P.O. Box 2560
Winchester, VA 22604
(540) 662-3417
FAX (540) 662-4211
Offices located in: Winchester, Middleburg, Leesburg, Culpeper, and Richmond, Virginia
Member: American Institute of Certified Public Accountants / Virginia Society of Certified Public Accountants

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, the Audit Committee, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
March 9, 2009

APPALACHIAN TRAIL CONSERVANCY

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Federal Grantor / Pass-Through Grantor / Program Title		Federal Expenditures
U.S. Department of Interior		
Passed through the National Park Service or US Geological Survey (Contract Number H0500000002)		
Base	$	189,197
SUP		9,277
Repair Rehab		642,081
Cyclic		38,962
Challenge Cost Share		33,050
VIP		82,770
Other NPS accounts		247,881
Subtotal NPS	$	1,243,218
USGS		12,500
Subtotal USGS		
Total U.S. Department of the Interior	$	1,255,718
U.S. Department of Agriculture		
Passed through U.S. Forest Service		
Konnarock Crew And Ridge Runner Programs	$	42,400
Total U.S. Department of Agriculture		
Total Expenditures of Federal Awards	$	1,298,118

The accompanying note is an integral part of this schedule.

THE APPALACHIAN TRAIL CONSERVANCY

Note to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Appalachian Trail Conservancy and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

THE APPALACHIAN TRAIL CONSERVANCY

Schedule of Findings and Questioned Costs
Year Ended December 31, 2008

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

• Material weakness(es) identified?	________	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	________	Yes	X	None Reported
Noncompliance material to financial statements noted?	________	Yes	X	No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	________	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	________	Yes	X	None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

• Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	________	Yes	X	No

Identification of major programs: U.S. Department of Interior Passed through the National Parks Service under contract Number H0500000002

Dollar threshold used to distinguish between type A and type B programs $300,000

Auditee qualified as low-risk auditee?	X	Yes	________	No

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

No matters were reported.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.

THE APPALACHIAN TRAIL CONSERVANCY

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2008

No matters were reported.