PACIFIC NORTHWEST TRAIL ASSOCIATION

Financial Statements, Reports and Schedules in Accordance with
Government Auditing Standards and Required by the Uniform Guidance

(See Independent Auditors' Report)

For the Years Ended December 31, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pacific Northwest Trails Association
Sedro-Woolley, Washington

Opinion

We have audited the accompanying financial statements of Pacific Northwest Trail Association (the Association), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Pacific Northwest Trail Association as of December 31, 2024, and its change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pacific Northwest Trail Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Opinion – 2023 Financial Statements

The financial statements of Pacific Northwest Trail Association for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on September 8, 2025.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pacific Northwest Trail Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pacific Northwest Trail Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplemental Reports and Schedules in Accordance with Government Auditing Standards and Required by the Uniform Guidance

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2026, on our consideration of Pacific Northwest Trail Association'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 solely 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 effectiveness of Pacific Northwest Trail Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pacific Northwest Trail Association's internal control over financial reporting and compliance.

Clark, Raymond & Company, PLLC

Clark, Raymond & Company, PLLC
Redmond, Washington
August 5, 2026

PACIFIC NORTHWEST TRAIL ASSOCIATION

Statements of Financial Position

December 31, 2024 and 2023

ASSETS	2024	2023
Current Assets:		
Cash and cash equivalents	$ 226,592	$ 351,628
Government grants receivable	258,800	140,464
Prepaid expenses and other assets	14,256	15,515
Total Current Assets	499,648	507,607
Property and Equipment, net	12,452	16,310
Right-of-Use Operating Lease Asset	105,496	17,500
Total Assets	$ 617,596	$ 541,417

LIABILITIES AND NET ASSETS	2024	2023
Current Liabilities:		
Accounts payable	$ 20,970	$ 13,188
Accrued payroll, taxes, and benefits	31,859	16,635
Current portion of operating lease liability	21,000	17,500
Total Current Liabilities	73,829	47,323
Operating lease liability, less current portion	84,496	-
Total Liabilities	158,325	47,323
Net Assets:		
Without donor restrictions	330,482	381,664
With donor restrictions	128,789	112,430
Total Net Assets	459,271	494,094
Total Liabilities and Net Assets	$ 617,596	$ 541,417

See Notes to Financial Statements

PACIFIC NORTHWEST TRAIL ASSOCIATION

Statements of Activities

For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Government grants	$ 1,112,579	$ -	$ 1,112,579	$ 984,968	$ -	$ 984,968
Contributions	31,768	65,000	96,768	31,870	60,000	91,870
Membership dues	2,017	-	2,017	3,535	-	3,535
Interest and other income	1,873	-	1,873	2,314	-	2,314
Net assets released from restrictions	48,641	(48,641)	-	11,197	(11,197)	-
Total Support and Revenue	1,196,878	16,359	1,213,237	1,033,884	48,803	1,082,687
Expenses:						
Educational programs	992,622	-	992,622	817,795	-	817,795
General and administrative	190,025	-	190,025	180,856	-	180,856
Fundraising	65,413	-	65,413	8,355	-	8,355
Total expenses	1,248,060	-	1,248,060	1,007,006	-	1,007,006
Change in net assets	(51,182)	16,359	(34,823)	26,878	48,803	75,681
Net Assets, beginning of year	381,664	112,430	494,094	354,786	63,627	418,413
Net Assets, end of year	$ 330,482	$ 128,789	$ 459,271	$ 381,664	$ 112,430	$ 494,094

See Notes to Financial Statements

PACIFIC NORTHWEST TRAIL ASSOCIATION

Statement of Functional Expenses

For the Year Ended December 31, 2024

	Outreach and Education	Trail Operations	Total Program Education	General and Administrative	Fundraising	Total
Salaries, payroll taxes and benefits	$ 66,683	$ 708,338	$ 775,021	$ 110,793	# $ 44,034	$ 929,848
Office supplies	15,797	43,373	59,170	15,797	5,265	80,232
Travel	6,507	14,083	20,590	6,507	6,507	33,604
Professional	-	-	-	33,500	-	33,500
Vehicles and maintenance	-	33,222	33,222	-	-	33,222
Rent and utilities	5,623	10,801	16,424	8,138	5,031	29,593
Food and meals	-	29,489	29,489	-	-	29,489
Insurance	4,407	8,465	12,872	6,378	3,943	23,193
Tools, equipment, trail supplies	-	20,962	20,962	-	-	20,962
License fees	2,072	6,215	8,287	4,269	-	12,556
Miscellaneous	633	5,580	6,213	2,814	633	9,660
Advertising and publications	6,514	-	6,514	1,829	-	8,343
Depreciation	-	3,858	3,858	-	-	3,858
	$ 108,236	$ 884,386	$ 992,622	$ 190,025	$ 65,413	$ 1,248,060

See Notes to Financial Statements

PACIFIC NORTHWEST TRAIL ASSOCIATION

Statement of Functional Expenses

For the Year Ended December 31, 2023

	Outreach and Education	Trail Operations	Total Program Education	General and Administrative	Fundraising	Total
Salaries, payroll taxes and benefits	$ 68,946	$ 606,896	$ 675,842	$ 112,315	$ -	$ 788,157
Travel	2,554	48,000	50,554	3,998	-	54,552
Vehicles and maintenance	-	31,507	31,507	-	-	31,507
Professional	-	-	-	30,618	-	30,618
Rent and utilities	6,847	12,205	19,052	10,717	-	29,769
Office supplies	4,072	7,260	11,332	7,316	-	18,648
Advertising and publications	7,412	-	7,412	-	8,355	15,767
Insurance	-	-	-	11,345	-	11,345
Tools, equipment, tail supplies	-	10,432	10,432	-	-	10,432
Miscellaneous	167	7,506	7,673	1,530	-	9,203
Food and meals	1,266	2,725	3,991	1,982	-	5,973
License fees	-	-	-	1,035	-	1,035
	$ 91,264	$ 726,531	$ 817,795	$ 180,856	$ 8,355	$ 1,007,006

See Notes to Financial Statements

PACIFIC NORTHWEST TRAIL ASSOCIATION

Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	$ (34,823)	$ 75,681
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Depreciation	3,858	-
Change in assets and liabilities:		
Government grants receivable	(118,336)	(11,659)
Prepaid expenses and other assets	1,259	(1,412)
Right-of-use operating lease asset	(87,996)	21,000
Accounts payable	7,782	11,779
Accrued payroll, taxes, and benefits	15,224	1,067
Operating lease liability	87,996	(21,000)
Cash flows from (used in) operating activities and net change in cash and cash equivalents	(125,036)	75,456
Cash and Cash Equivalents, Beginning	351,628	276,172
Cash and Cash Equivalents, Ending	$ 226,592	$ 351,628

See Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Operations

Pacific Northwest Trail Association (the Association) works to protect and promote the Pacific Northwest National Scenic Trail and to enhance recreation and educational opportunities for the enjoyment of present and future generations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Financial Statement Presentation

In accordance with accounting principles generally accepted in the United States of America, the Association is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Support and revenue received are recorded depending on the existence and/or nature of any donor restrictions.

Net Assets with and without Donor Restrictions

Net assets without donor restrictions are available for support of the Association's operations.

Net assets with donor restrictions include net assets subject to donor-imposed stipulations that will be met by actions of the Association. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted purpose or as time restrictions are met. The Association has elected to show contributions with donor restrictions for which the restrictions are met in the same reporting period as contributions without donor restrictions.

Net assets with donor restrictions are available for the following purposes at December 31, 2024 and 2023:

	2024	2023
Development Director	$ 122,103	$ 110,244
Trail Operations - Okanagon County	6,559	1,559
Trail Operations - Eastern Washington	127	627
	$ 128,789	$ 112,430

Cash and Cash Equivalents

Cash includes cash and cash equivalents held at financial institutions. The Association considers all short-term securities with an original maturity of three months or less to be cash equivalents. The Association has amounts on deposit in excess of federally insured limits.

Government Grants Receivable

Government grants receivable represents the amount management expects to collect from outstanding balances. Government grants receivable are recognized in the year the unconditional pledge is made. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable account. Management determined that no allowance against government grants receivable was necessary at December 31, 2024 and 2023.

At December 31, 2024 and 2023, all of government grants receivable was due from two government agencies.

Property and Equipment

Property and equipment are stated at cost. The Association capitalizes all items with a cost or fair value over $1,000 with a useful life of more than one year.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of vehicles, furniture and equipment range from five to ten years.

Property and equipment consist of the following at December 31:

	2024	2023
Vehicles	$ 41,463	$ 45,870
Furniture and fixtures	9,589	9,589
	51,052	55,459
Less: Accumulated depreciation	(38,600)	(39,149)
Property and Equipment, net	$ 12,452	$ 16,310

Leases

The Association determines whether an arrangement contains a lease at inception. The operating lease is recognized as a right-of-use ("ROU") asset and operating lease liability in the statement of financial position.

The ROU asset represents the Association's right to use an underlying asset over the lease term, and the related lease liability represents the Association's obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of future lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Association will exercise such options. Lease expense associated with operating leases is recognized on a straight-line basis over the lease term.

The Association has elected not to recognize an ROU asset and lease liability for short-term leases with 12 months or less and recognizes lease payments related to such leases as expense as incurred. Management determined that the application of a discount rate would not have a material effect on the financial statements.

The Association has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

Revenue Recognition

Contributions are recorded when unconditionally pledged as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Revenue from government grants is recognized when the service is provided or the related qualified expenditure is incurred (when the conditions have been met). Grants from one government agency represented 91% and 73% of total support and revenue during the years ended December 31, 2024 and 2023, respectively.

Revenue from government agencies is subject to audit, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. There were no such adjustments during the years ended December 31, 2024 and 2023.

Membership dues revenue is recognized during the year of the membership period which coincides with the Associations' fiscal year, or as a service is performed. While members receive benefits from membership throughout the year, there is no net effect on revenue recognized from cash receipts and all performance obligations are met at the end of the fiscal year.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Rent and utilities is allocated based on estimates of space supporting each function. Salaries, payroll taxes, and benefits, travel and office supplies are allocated based on estimates of time and effort.

Tax Exemption

The Association has been granted exemption from federal income taxes under Section 501(c)(3) of the nternal Revenue Code.

Subsequent Events

Management of the Association has evaluated subsequent events through the date these financial statements were available to be issued, which was August 5, 2026.

Note 2 – Liquidity and Availability of Resources

The Association strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are kept in cash accounts. Amounts available to meet general expenditures have been reduced by net assets with purpose restrictions at December 31, 2024 and 2023.

The following table shows the total financial assets held by the Association, less those amounts not available to cover general expenditures within one year at December 31:

		2024		2023
Financial assets:				
Cash and cash equivalents	$	226,592	$	351,628
Government grants receivable		258,800		140,464
		485,392		492,092
Less: Amounts not available for use within one year				
for general expenditures		-		-
Net assets with donor restrictions		(128,789)		(112,430)
	$	356,603	$	379,662

Note 3 – Lease Obligation

The Association leases office space in Sedro-Woolley, Washington under a noncancelable operating lease agreement that expires in October 2029.

The Association has recognized an operating lease ROU asset and corresponding operating lease liability representing the payments required under the lease through maturity. Operating lease costs under this lease totaled approximately $21,000 for each of the years ended December 31, 2024 and 2023, and are included within rent and utilities in the statements of functional expenses. Net operating cash flows for the operating lease totaled approximately $21,000 during each of the years ended December 31, 2024 and 2023.

As of December 31, 2024, the weighted-average remaining lease term was 4.84 years, and the weighted-average discount rate used to measure the operating lease liability was 4.22%

SUPPLEMENTAL REPORTS AND SCHEDULES IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS **AND REQUIRED BY**
THE UNIFORM GUIDANCE

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
Pacific Northwest Trail Association
Sedro-Woolley, Washington

We have audited in accordance with the 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, the financial statements of Pacific Northwest Trail Association (the Association), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 5, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pacific Northwest Trail Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pacific Northwest Trail Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Pacific Northwest Trail Association's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pacific Northwest Trail Association's financial statements are free from 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Raymond & Company, PLLC

Clark, Raymond & Company, PLLC
Redmond, Washington
August 5, 2026

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Pacific Northwest Trail Association
Sedro-Woolley, Washington

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Pacific Northwest Trail Association's (the Association) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Pacific Northwest Trail Association's major federal program for the year ended December 31, 2024. Pacific Northwest Trail Association's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pacific Northwest Trail Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pacific Northwest Trail Association and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Pacific Northwest Trail Association's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Pacific Northwest Trail Association's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pacific Northwest

Trail Association's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pacific Northwest Trail Association's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Pacific Northwest Trail Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Pacific Northwest Trail Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Pacific Northwest Trail Association's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark, Raymond & Company, PLLC

Clark, Raymond & Company, PLLC
Redmond, Washington
August 5, 2026

PACIFIC NORTHWEST TRAIL ASSOCIATION

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2024

Federal Grantor/Program Titles	Award Number	Federal Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S Department of Agriculture				
Partnership Agreements	20-CS-11062759-052	10.699	$ 645,571	$ -
Great American Outdoors Act Deferred Maintenance Program	22-CS-11062759-039	10.712	209,613	-
Great American Outdoors Act Deferred Maintenance Program	21-CS-11062759-041	10.712	984	-
Total Assistance Listing 10.712			210,597	-
Stewardship Agreements	23-SA-11062100-007	10.701	122,587	-
Infrastructure Investment and Jobs Act Prescribed Fire/Fire Recovery	23-CS-11062100-019	10.716	23,364	-
Total U.S. Department of Agriculture			**1,002,119**	-
U.S. Department of the Interior				
Natural Resource Stewardship	P20AC00857-02	15.944	17,385	-
Total U.S. Department of the Interior			**17,385**	**-**
U.S. Department of Transportation				
Passed through Washington State Recreation and Conservation Office	22-2164M	20.219		
Recreational Trails Program			79,761	-
Total U.S. Department of Transportation			**79,761**	**-**
Total Federal Expenditures			**$ 1,099,265**	**$ -**

The accompanying notes are an integral part of this schedule

PACIFIC NORTHWEST TRAIL ASSOCIATION

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2024

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Pacific Northwest Trail Association under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pacific Northwest Trail Association, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Pacific Northwest Trail Association.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

Pacific Northwest Trail Association has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance for the year ended December 31, 2024.

PACIFIC NORTHWEST TRAIL ASSOCIATION

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2024

A. Summary of Audit Results

Financial Statements

Type of Auditors' report issued:	Unmodified

Internal Control over Financial Reporting

Material weaknesses identified:	None reported
Significant deficiencies identified not considered to be material weaknesses:	None reported
Noncompliance material to financial statements noted:	None reported

Federal Awards

Material weaknesses identified:	None reported
Significant deficiencies identified not considered to be material weaknesses:	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported:	None reported

Identification of Major Programs

Program Title	Assistance Listing
Partnership Agreements	10.699

Dollar threshold used to distinguish between Type A and B programs:	$ 750,000
Auditee qualified as low-risk auditee:	No

PACIFIC NORTHWEST TRAIL ASSOCIATION

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2024

Current Period Findings:

No current period findings.

PACIFIC NORTHWEST TRAIL ASSOCIATION

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2024

Findings and Questioned Costs – Major Federal Award Programs Audit

None reported.

PACIFIC NORTHWEST TRAIL ASSOCIATION

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2024

Prior Year Finding 2023-001 – Recognition of Conditional Government Grant Revenue

Current Status: Resolved

During the year ended December 31, 2024, management implemented procedures to reconcile grant revenues to the related underlying expenditures as part of its year-end closing process. Management also enhanced its tracking of grant activity to ensure conditional grant revenue is recognized in the appropriate reporting period based on when qualifying expenditures are incurred and performance barriers are satisfied.

As part of our current-year audit procedures, we tested government grant revenue recognition and related receivables and noted no instances of revenue being recognized in an incorrect period. Accordingly, the prior-year finding has been remediated and is considered resolved as of December 31, 2024.