APPALACHIAN MOUNTAIN CLUB

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

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APPALACHIAN MOUNTAIN CLUB

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Appalachian Mountain Club
Boston, Massachusetts

We have audited the accompanying consolidated financial statements of Appalachian Mountain Club, which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Appalachian Mountain Club and affiliates as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Tonneson & Company, Inc.

Wakefield, Massachusetts
May 13, 2014

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APPALACHIAN MOUNTAIN CLUB

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

	2013	2012
Assets:		
Cash and Cash Equivalents	$ 5,494,609	$ 5,190,924
Accounts Receivable, less allowance for doubtful accounts of $19,205 in 2013 and $20,609 in 2012	490,965	362,101
Pledges Receivable	704,225	1,097,049
Prepaid Expenses	250,554	305,951
Inventories	643,347	705,088
Note Receivable	11,065,000	11,065,000
Property and Equipment, net	40,867,322	40,900,006
Investments, at market	63,622,604	57,336,778
Total Assets	$ 123,138,626	$ 116,962,897
Liabilities:		
Accounts Payable	$ 577,513	$ 543,641
Accrued Expenses and Other Liabilities	1,227,108	1,021,329
Annuity Payments Liability	497,463	569,034
Deferred Revenue	1,136,939	879,413
Loan Payable	14,550,000	14,550,000
Total Liabilities	17,989,023	17,563,417
Net Assets:		
Unrestricted	87,901,870	83,424,168
Temporarily Restricted	13,637,944	12,671,356
Permanently Restricted	3,609,789	3,303,956
Total Net Assets	105,149,603	99,399,480
Total Liabilities and Net Assets	$ 123,138,626	$ 116,962,897

See Notes to Consolidated Financial Statements.

APPALACHIAN MOUNTAIN CLUB

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013					2012				
	Unrestricted		Temporarily	Permanently		Unrestricted		Temporarily	Permanently	
	Operating	Other	Restricted	Restricted	Total	Operating	Other	Restricted	Restricted	Total
Revenues:										
Contributions and Gifts	$ 3,208,607	$ 965,237	$ 76,899	$ 200,000	$ 4,450,743	$ 3,041,632	$ 719,010	$ 936,479	$ 23	$ 4,697,144
Membership	3,090,840				3,090,840	3,010,744				3,010,744
Outdoor Program Centers	10,252,585				10,252,585	9,865,085	12,800			9,877,885
Programs	3,584,760	58,361			3,643,121	3,137,538				3,137,538
Publications	677,473				677,473	746,174				746,174
Interest and Investment Income	7,953	1,126,630	146,097		1,280,680	12,555	1,164,947	14,836		1,192,338
Gains from Investments, net		5,515,715	1,472,640	105,833	7,094,188		4,834,781	9,152	72,274	4,916,207
Endowment Spending Allocation	2,380,526	(2,380,526)			-	2,014,429	(2,014,429)			-
Special Project Funding	792,608	(792,608)			-	1,311,249	(1,311,249)			-
Total Revenues	23,995,352	4,492,809	1,695,636	305,833	30,489,630	23,139,406	3,405,860	960,467	72,297	27,578,030
Expenses:										
Member Services	2,673,988				2,673,988	2,674,869				2,674,869
Outdoor Program Centers	10,723,491	353,513			11,077,004	10,365,492	197,211			10,562,703
Programs	6,594,794	11,153			6,605,947	6,095,142	17,789			6,112,931
Publications	627,189				627,189	659,693	4,968			664,661
Administrative	1,963,123	90,966			2,054,089	2,016,655	94,720			2,111,375
Fundraising	1,260,643	229,146			1,489,789	1,242,024	60,000			1,302,024
Interest Expense		211,501			211,501		212,080			212,080
Total Expenses	23,843,228	896,279	-	-	24,739,507	23,053,875	586,768	-	-	23,640,643
Change in Net Assets Before Transfers and Releases	152,124	3,596,530	1,695,636	305,833	5,750,123	85,531	2,819,092	960,467	72,297	3,937,387
Transfers and Releases:										
Transfer of Operating Surplus	(152,124)	152,124			-	(85,531)	85,531			-
Releases of Restricted Net Assets		729,048	(729,048)		-		420,278	(420,278)		-
Total Change in Net Assets	-	4,477,702	966,588	305,833	5,750,123	-	3,324,901	540,189	72,297	3,937,387
Net Assets, Beginning of Year	-	83,424,168	12,671,356	3,303,956	99,399,480	-	80,099,267	12,131,167	3,231,659	95,462,093
Net Assets, End of Year	$ -	$ 87,901,870	$ 13,637,944	$ 3,609,789	$ 105,149,603	$ -	$ 83,424,168	$ 12,671,356	$ 3,303,956	$ 99,399,480

See Notes to Consolidated Financial Statements.

APPALACHIAN MOUNTAIN CLUB

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2013 AND 2012

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2013	2012
Cash Flows from Operating Activities:		
Change in Net Assets	$ 5,750,123	$ 3,937,387
Adjustments to Reconcile Change in Net Assets		
to net cash provided by (used in) Operating Activities:		
Depreciation	1,475,362	1,467,186
Investment Income and Realized Gains, net	(1,430,925)	(1,915,339)
Loss on Disposal of Property and Equipment	138,430	-
Net Unrealized Gains on Investments	(6,676,957)	(4,153,760)
Changes in Certain Assets and Liabilities:		
Accounts Receivable	(128,864)	154,283
Pledges Receivable	392,824	(189,700)
Prepaid Expenses	55,397	(5,660)
Inventories	61,741	(48,603)
Accounts Payable	33,872	(2,539)
Accrued Expenses and Other Liabilities	205,779	171,247
Annuity Payments Liability	(71,571)	(7,097)
Deferred Revenue	257,526	34,799
Net cash provided by (used in) Operating Activities	62,737	(557,796)
Cash Flows from Investing Activities:		
Additions to Property and Equipment	(1,610,208)	(2,085,089)
Proceeds from Disposal of Property and Equipment	29,100	-
Changes in Planned Giving Agreements	41,990	(83,960)
Purchases of Investments	(22,153,613)	(4,540,904)
Proceeds from Sale of Investments	23,933,679	7,209,398
Net cash provided by Investing Activities	240,948	499,445
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	303,685	(58,351)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,190,924	5,249,275
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,494,609	$ 5,190,924

Supplemental Data: Cash paid for interest during the years ended December 31, 2013 and 2012 amounted to $211,501 and $212,080, respectively.

See Notes to Consolidated Financial Statements.

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

A. Organization:

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

B. Summary of Significant Accounting and Reporting Policies:

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

Basis of Presentation

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

Consolidated Financial Statement Presentation

Certain reclassifications have been made to the 2012 consolidated financial statements in order to conform to the presentation of the 2013 consolidated financial statements.

Estimates

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

Basis of Accounting

The accompanying consolidated financial statements of the AMC for the years ended December 31, 2013 and 2012 are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair values. Restricted contributions that are received and expensed in the current year for the restricted purpose are recorded as unrestricted contributions.

Summary of Significant Accounting and Reporting Policies, Continued

Basis of Accounting, Continued

Net assets are reported by classification based on the existence or absence of donor imposed restrictions:

Unrestricted net assets include all resources which are not subject to donor-imposed restrictions. Activity in unrestricted net assets is shown in the Consolidated Statements of Activities classified as Operating and Other. Unrestricted-Operating revenues consist of revenues, endowment spending allocations, and special project funding which support annual operating and program expenses of the organization. Unrestricted-Operating expenses consist of annual operating expenses of the organization related to member services, outdoor program centers, other programs, publications, administrative, and annual fundraising. Unrestricted-Other revenues and expenses include unrestricted revenues and expenses from capital fundraising campaigns, income and gains (losses) from investments, interest expense and other financing costs, and allocation of a portion of depreciation expense reflecting asset acquisitions that are funded through donor contributions.

Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because of the passage of time or because certain actions are taken by the AMC which fulfill the restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities as use of restricted funds.

Temporarily restricted net assets consist of the following at December 31, 2013 and 2012:

	2013	2012
Accumulated appreciation on permanently restricted net assets	$ 4,732,699	$ 4,086,451
Funds for future operations and programs	8,201,020	7,487,856
Donor pledges receivable	704,225	1,097,049
	$ 13,637,944	$ 12,671,356

Permanently restricted net assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be retained permanently. Permanently restricted net assets consist of the original gift value of investments to be held indefinitely as endowment, the income of which is available to support certain operations of the Appalachian Mountain Club.

Investments

Investments are carried at fair value based upon quoted market prices, when available, or estimates of fair value in the Consolidated Statements of Financial Position. Dividends, interest and net gains/losses on investments are reflected in the Consolidated Statements of Activities. Investment income from restricted assets that is earned and used in the current year for the restricted purpose is recorded as unrestricted investment income.

Summary of Significant Accounting and Reporting Policies, Continued

Planned Giving Agreements

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

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

Cash Equivalents

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

Pledges and Accounts Receivable

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

Inventories

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

Property and Equipment

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

Collections

Collection items are artifacts related to the historical programs of the AMC, which are catalogued and preserved for educational and research purposes. No collection items were capitalized as of December 31, 2013 and 2012.

Donated Services

The consolidated financial statements do not include amounts for donated services since an objective basis for measurement of the value of such services is not available, and these services are not specialized as defined by U.S. generally accepted accounting principles; however, substantial numbers of volunteers have donated significant amounts of their time and energy to the AMC.

Summary of Significant Accounting and Reporting Policies, Continued

Concentration of Credit Risk

Financial instruments which potentially subject the AMC to concentrations of credit risk consist principally of cash and cash equivalents and short term investments. The AMC maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The bank deposit accounts are insured through FDIC up to $250,000. The maximum loss that would have resulted from that risk amounted to approximately $4,100,000 for the year ended December 31, 2013. The AMC has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

Tax Status

The AMC has been granted a tax exemption under Section 501(c)(3) of the Internal Revenue Code. In determining the recognition of uncertain tax positions, the AMC recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination by a taxing authority.

Subsequent Events

The date to which events occurring after December 31, 2013 have been evaluated for possible adjustment to the consolidated financial statements or disclosure is the date of the Independent Auditors' Report which is the date the consolidated financial statements were available to be issued.

C. Investments:

The following table summarizes the AMC's financial assets measured at fair value as of December 31, 2013 and December 31, 2012:

	2013		2012	
	Quoted Prices in Active Markets for Identical Assets	Unobservable Inputs	Quoted Prices in Active Markets for Identical Assets	Unobservable Inputs
Uninvested Cash and Cash Equivalents Pending Investment	$ 1,010,073	$	$ 1,901,381	$
Mutual Funds:				
U.S. Equity	19,078,206		15,219,960	
Non-U.S. Equity	14,032,325		11,774,178	
U.S. Fixed Income	12,483,743		13,845,519	
Non-U.S. Fixed Income	4,019,372		3,110,350	
Blended	1,027,511		918,882	
Alternative Investments:				
Marketable Alternatives		8,188,025		6,876,959
Private Equity/Venture Capital		2,896,255		2,763,900
Split Interest Agreements:				
Gift Annuity Fund	639,683		635,868	
Pooled Life Income Fund	247,411		289,781	
	$ 52,538,324	$ 11,084,280	$ 47,695,919	$ 9,640,859

APPALACHIAN MOUNTAIN CLUB

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

Investments, Continued

The fair value of publicly traded mutual funds is based upon quoted market prices and net asset values. Amounts held as alternative investments represent hedge funds and private equity partnerships for which quoted market prices or valuations are not readily available and are carried at estimated fair values provided by investment managers. The following are the changes in alternative investments measured at fair value for the years ended December 31, 2013 and December 31, 2012:

	Fair Value Measurements Using Significant Unobservable Inputs 2013	2012
Beginning balance	$ 9,640,859	$ 8,981,453
Total gains (realized/unrealized)	1,596,337	285,725
Total investment income (loss), net	(35,468)	87,008
Purchases and capital calls	416,916	1,914,449
Sales and distributions	(534,364)	(1,627,776)
Ending balance	$ 11,084,280	$ 9,640,859

The components of gains (losses) from investments for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Realized gains, net	$ 485,925	$ 742,058
Unrealized gains, net	6,634,967	4,237,714
Change in value of planned giving agreements	(26,704)	(63,565)
Total gains, net	$ 7,094,188	$ 4,916,207

D. Pledges Receivable:

Pledges receivable of $704,225 and $1,097,049 are recorded in the consolidated financial statements as of December 31, 2013 and December 31, 2012, respectively. Pledges are recorded at the present value of estimated future cash flows. The present value of estimated future cash flows has been measured utilizing a risk free-rate of return (2.0% at December 31, 2013 and 1.2% at December 31, 2012). The resulting discount amounted to $17,907 at December 31, 2013 and $19,625 at December 31, 2012. An allowance of $78,247 has been made for potentially unfulfilled pledges at December 31, 2013 and $121,894 at December 31, 2012.

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

	2013	2012
In one year or less	$ 348,778	$ 409,500
Between one and five years	355,447	666,849
Greater than five years	-	20,700
Total Pledges Receivable	$ 704,225	$ 1,097,049

E. Endowment:

The AMC's endowment consists of approximately 92 individual funds established for a variety of purposes. It includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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

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

The endowment net assets composition by type of fund as of December 31, 2013 and 2012 is as follows:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$	$ 10,458,531	$ 3,609,789	$ 14,068,320
Board designated endowment funds	46,437,038			46,437,038
Endowment Net Assets, End of Year	$ 46,437,038	$ 10,458,531	$ 3,609,789	$ 60,505,358

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$	$ 9,302,516	$ 3,303,956	$ 12,606,472
Board designated endowment funds	42,157,790			42,157,790
Endowment Net Assets, End of Year	$ 42,157,790	$ 9,302,516	$ 3,303,956	$ 54,764,262

Endowment, Continued

The changes in endowment net assets for the years ended December 31, 2013 and 2012 are as follows:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 42,157,790	$ 9,302,516	$ 3,303,956	$ 54,764,262
Net assets released from restriction	431,253	(431,253)		-
Investment income and gains, net	6,050,436	1,586,018	105,833	7,742,287
Contributions and transfers	178,085	1,250	200,000	379,335
Appropriations of cumulative gains	(2,380,526)			(2,380,526)
Endowment Net Assets, End of Year	$ 46,437,038	$ 10,458,531	$ 3,609,789	$ 60,505,358

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 38,726,590	$ 8,530,485	$ 3,231,659	$ 50,488,734
Net assets released from restriction	412,850	(412,850)		-
Investment income and gains, net	4,547,887	1,183,381	72,274	5,803,542
Contributions and transfers	510,875	1,500	23	512,398
Appropriations of cumulative gains	(2,040,412)			(2,040,412)
Endowment Net Assets, End of Year	$ 42,157,790	$ 9,302,516	$ 3,303,956	$ 54,764,262

From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or the UPMIFA requires the AMC to retain as a fund for perpetual duration. There were no deficiencies reported in unrestricted net assets as of December 31, 2013 and 2012.

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

F. Note Receivable:

Note receivable consists of the following at December 31, 2013 and 2012:

	2013	2012
Note Receivable due 2034; Interest receivable at 1%; to be received on the earlier of 2034 or the settlement of AMC's loan payable due 2039	$ 11,065,000	$ 11,065,000
Total Note Receivable	$ 11,065,000	$ 11,065,000

The above referenced note is part of a financing structured under the New Markets Tax Credit ("NMTC") program of the U.S. Treasury Department and in February 2014 was settled along with the corresponding Loan Payable (see Note H).

G. Property and Equipment:

Property and equipment consists of the following as of December 31, 2013 and 2012:

	2013	2012
Land	$ 19,900,576	$ 19,281,940
Buildings and improvements	32,203,348	32,696,533
Furniture, fixtures and equipment	7,203,404	10,300,101
Construction in progress	387,149	338,848
	59,694,477	62,617,422
Accumulated depreciation	(18,827,155)	(21,717,416)
Property and equipment, net	$ 40,867,322	$ 40,900,006

Depreciation expense for 2013 totaled $1,475,362 and $1,467,186 for 2012. The AMC has a permit with the U.S.D.A Forest Service to operate and maintain huts within the boundaries of the White Mountain National Forest that expires on May 14, 2029.

H. Loan Payable:

Loan payable consists of the following at December 31, 2013 and 2012:

	2013	2012
Secured borrowing due 2039 (subject to put & call agreement); interest payable at 1.4337%	$ 14,550,000	$ 14,550,000
Total Loan Payable	$ 14,550,000	$ 14,550,000

Loan Payable, Continued

The above referenced loan is part of a financing structure under the NMTC program of the U.S. Treasury Department (see Note F). Loan proceeds were used for the AMC's Maine Woods Initiative project. Interest expense for this loan was $211,501 for 2013 and $212,080 for 2012. The loan agreement specifies certain debt forgiveness provisions at maturity, and requires the AMC to comply with certain covenants. The AMC was in compliance with these covenants at December 31, 2013. In conjunction with the Loan Payable, a single purpose lending entity was established by a commercial bank whose sole activity is the loan to the AMC. The AMC has entered into a put and call agreement with the bank whereby the AMC may acquire the lending entity from the bank in 2014 or thereafter.

On February 18, 2014, the AMC acquired the entity and settled the loan and note payable. The Loan Payable of $14,550,000 and the corresponding Note Receivable of $11,065,000 were fully satisfied, and after payment of certain costs of satisfaction, AMC will record debt forgiveness of approximately $3,000,000 as revenue in 2014.

I. Commitments:

The AMC has a line of credit agreement with a commercial bank which expires in July 2014, secured by certain mutual funds. The maximum borrowings available under the agreement are $5,000,000. The agreement provides that any borrowings are due on or before the expiration date of the agreement and bear interest at LIBOR plus 1%. There were no outstanding borrowings under the agreement at December 31, 2013 and 2012.

J. Retirement Plans:

The AMC has a defined contribution plan which covers substantially all of its full-time employees. Contributions are determined as a percent of each covered employee's gross salary. The percentage rate is based on an employee's years of completed service. Employees who entered the plan prior to December 31, 2011 are immediately vested in all contributions. The plan was amended effective January 1, 2012, and all employees who enter the plan after that date are subject to a five year vesting schedule for their employer matching contributions. The expense related to the plan was $531,102 for 2013 and $441,589 for 2012. The AMC also sponsors a deferred compensation plan in which all eligible employees may participate. The AMC makes no contribution to this plan.

Although it has not expressed any intent to do so, the AMC has the right under the plan to discontinue its contributions at any time and to terminate the plan subject to the provisions of the Employee Retirement Income Security Act of 1974. However, no such action may deprive any participant or beneficiary under the plan of any vested right. In the event of plan termination, participants remain 100% vested in their accounts.