

**CROSS VERMONT TRAIL ASSOCIATION, INC.**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2022

**CROSS VERMONT TRAIL ASSOCIATION, INC.**

**JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors of  
Cross Vermont Trail Association, Inc.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Cross Vermont Trail Association, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2022, 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 financial statements present fairly, in all material respects, the financial position of Cross Vermont Trail Association, Inc. as of June 30, 2022, and the changes 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cross Vermont Trail Association, Inc. 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 opinions.

#### 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; this includes 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 Cross Vermont Trail Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

The Board of Directors of  
Cross Vermont Trail Association, Inc.

In performing an audit in accordance with generally accepted auditing standards 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 Cross Vermont 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 Cross Vermont 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.

### ***Supplementary Information***

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 schedule of expenditures of federal awards 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 February 13, 2023 on our consideration of Cross Vermont Trail Association, Inc.'s internal control over financial reporting and on 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 the Cross Vermont Trail Association, Inc.'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 Cross Vermont Trail Association, Inc.'s internal control over financial reporting and compliance.

*Pace & Hawley, LLC*

Berlin, Vermont  
February 13, 2023

**CROSS VERMONT TRAIL ASSOCIATION, INC.**  
**Statement of Financial Position**  
**June 30, 2022**

<b>Assets</b>	
Cash	\$ 118,490
Contributions and grants receivable	85,454
Prepaid expenses	1,390
Land	35,000
Other assets	413
Cash restricted long-term stewardship	<u>13,835</u>
Total assets	<u>\$ 254,582</u>
 <b>Liabilities and net assets</b>	
Accounts payable	\$ 30,369
Accrued wages and payroll taxes	2,153
Refundable advances	<u>1,082</u>
Total liabilities	<u>33,604</u>
 Net assets:	
Net assets without donor restrictions	161,672
Net assets with donor restrictions	<u>59,306</u>
Total net assets	<u>220,978</u>
 Total liabilities and net assets	 <u>\$ 254,582</u>

*The accompanying notes are an integral part of these financial statements.*

**CROSS VERMONT TRAIL ASSOCIATION, INC.**

**Statement of Activities**

**For the Year Ended June 30, 2022**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	<u>Totals</u>
<b>Revenues</b>			
Contributions	\$ 66,855	\$ 55,000	\$ 121,855
Contributions in-kind	308	-	308
Grants	17,000	816,990	833,990
Program and event income	4,464	-	4,464
Less: cost of sales	(4,065)	-	(4,065)
Interest	38	86	124
Miscellaneous	<u>287</u>	<u>-</u>	<u>287</u>
Total revenue	<u>84,887</u>	<u>872,076</u>	<u>956,963</u>
 <b>Net assets released from restrictions</b>			
Satisfaction of program restrictions	<u>1,005,513</u>	<u>(1,005,513)</u>	<u>-</u>
 <b>Expenses</b>			
Program services:			
Trail activities	<u>1,014,277</u>	<u>-</u>	<u>1,014,277</u>
Supporting activities:			
Management and general	14,389	-	14,389
Fundraising	<u>6,955</u>	<u>-</u>	<u>6,955</u>
Total supporting activities	<u>21,344</u>	<u>-</u>	<u>21,344</u>
Total expenses	<u>1,035,621</u>	<u>-</u>	<u>1,035,621</u>
 Change in net assets	54,779	(133,437)	(78,658)
 Net assets, beginning of year	<u>106,893</u>	<u>192,743</u>	<u>299,636</u>
 Net assets, end of year	\$ <u>161,672</u>	\$ <u>59,306</u>	\$ <u>220,978</u>

*The accompanying notes are an integral part of these financial statements.*

**CROSS VERMONT TRAIL ASSOCIATION, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2022**

	Programs	Management & General	Fundraising	Total Expenses
Advertising	\$ -	\$ -	\$ 38	\$ 38
Cost of goods sold	-	-	4,065	4,065
Dues	-	705	-	705
Easement acquisition	1,506	-	-	1,506
Facility	-	1,636	-	1,636
Fees	-	291	-	291
Information technology	-	326	-	326
Insurance	-	1,044	-	1,044
Legal services	1,639	-	-	1,639
Office expense	-	450	1,472	1,922
Professional and technical services	2,643	5,173	128	7,944
Property taxes	894	-	-	894
Stewardship	47	-	-	47
Trail projects direct expenses	69,351	-	-	69,351
Trail projects contractor expenses	917,588	-	-	917,588
Wages and payroll taxes	20,392	4,764	1,077	26,233
Other	217	-	4,240	4,457
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses by function	1,014,277	14,389	11,020	1,039,686
Less expenses included with revenues on the statement of activities:				
Cost of goods sold	-	-	(4,065)	(4,065)
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses included in the expense section on the statement of activities	\$ <u>1,014,277</u>	\$ <u>14,389</u>	\$ <u>6,955</u>	\$ <u>1,035,621</u>

*The accompanying notes are an integral part of these financial statements.*

**CROSS VERMONT TRAIL ASSOCIATION, INC.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2022**

<b>Cash flows from operating activities</b>	
Change in net assets	\$ (78,658)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in contributions receivable	39,101
(Increase) decrease in prepaid expenses	(368)
(Increase) decrease in other assets	(413)
Increase (decrease) in accounts payable	(196,117)
Increase (decrease) in accrued payroll and taxes	539
Increase (decrease) in refundable advance	(5,754)
Interest income reinvested in stewardship endowment	<u>(50)</u>
Net cash (used) by operating activities	<u>(241,720)</u>
 <b>Cash flows from financing activities</b>	
Interest income reinvested in stewardship	<u>50</u>
 Net (decrease) in cash	 <u>(241,670)</u>
 Cash, beginning of year	 360,160
Restricted cash, beginning of year	<u>13,835</u>
	<u>373,995</u>
 Cash, end of year	 118,490
Restricted cash, end of year	<u>13,835</u>
	<u>\$ 132,325</u>
 <b>Supplemental disclosure of cash flow information</b>	
Cash paid during the year for interest	<u>\$ -</u>

*The accompanying notes are an integral part of these financial statements.*



**CROSS VERMONT TRAIL ASSOCIATION, INC.**  
**Notes to Financial Statements**  
**June 30, 2022**

**1. Summary of significant accounting policies**

Cross Vermont Trail Association, Inc. (the Organization) is a non-profit organization established to assist municipalities, recreation groups, and landowners in the creation and management of a four-season, multi-use trail across the state of Vermont for public recreation, alternative transportation, and awareness of our natural and cultural heritage. The Organization is governed by a Board of Directors with an administrative office located in Montpelier, Vermont. The Organization is supported primarily through grants and contributions.

A. Reporting entity - The Organization is legally organized under the laws of the State of Vermont as a domestic non-profit corporation. It was incorporated on August 31, 1999.

B. Financial statement presentation - The financial statements have been prepared in accordance with the reporting pronouncements pertaining to not-for-profit entities included within the Financial Accounting Standards Board (FASB) Codification. The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

*Net assets with donor restrictions* – Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates those resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

C. Basis of accounting -The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

D. Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Cash – Cash includes demand deposits, money market funds and certificates of deposit which have no potential loss of principal. Cash, for purposes of the statement of cash flows, includes cash restricted for long-term purposes.

F. Property and equipment - Property and equipment in excess of \$5,000 are capitalized at cost when purchased or estimated fair market value, if received by donation or acquired under a capital lease agreement. Donations of property and equipment are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation and amortization are computed using the straight-line method over the assets estimated useful lives. Depreciation expense for the fiscal year ended June 30, 2022, was \$0.

**CROSS VERMONT TRAIL ASSOCIATION, INC.**  
**Notes to Financial Statements**  
**June 30, 2022**

**1. Summary of significant accounting policies (continued)**

- G. Revenue recognition – The Organization recognizes contributions when cash, securities, unconditional promises to give or other assets are received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenses in compliance with specific contracts or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the statement of financial position.

- H. Income taxes – The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from State of Vermont income taxes and, therefore, has made no provision for Federal or State Income taxes. FASB Accounting Standards Codification Topic 740 entitled *Accounting for Income Taxes* requires the Organizations to report uncertain tax positions for financial reporting purposes. The Organizations had no uncertain tax positions as of June 30, 2022, and accordingly, did not have any unrecognized tax benefits that need to be recognized or disclosed in the financial statements.
- I. Advertising - The Organization's policy is to expense advertising costs as incurred. The Organization has recorded \$38 in advertising expense for the year ended June 30, 2022.
- J. Contributions and grants receivable – Contributions and grants receivable reflect unconditional promises to give that are recognized as revenue when the promise is received or, if conditional, upon satisfaction of the condition. Unconditional promises to give expected to be collected within one year are recorded at net realizable value. The allowance for uncollectible contributions and grants receivable is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions and grants receivable are written off when deemed uncollectable. As of June 30, 2022, the allowance was \$0.
- K. Refundable advances – The Organization records conditional grant awards and contributions received in advance of fulfillment of conditions as refundable advances. Amounts in the refundable advance account are recognized as revenue upon satisfaction of the conditions.
- L. Conservation lands – Conservation land is real property with significant ecological and recreational value. These properties are either managed in an effort to protect the natural environment or transferred to other organizations who will manage the lands in a similar fashion. The Organization records land at cost if purchased, or at fair value at the date of acquisition if all or part of the land was received as a donation.
- M. Conservation easements – Easements acquired by the Organization are conservation easements and represent numerous restrictions over the use and development of land not owned by the Organization. Since these easements have no marketable value, and therefore no future economic benefit, they are not recorded as assets on the statement of financial position. All easements acquired by purchase are expensed in the statement of financial position. In all cases, the Organization monitors activities on the land and enforces restrictions.
- N. Functional expenses – The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include wages and payroll taxes, which are based on time and effort and postage, which is allocated based on the estimated anticipated use.

**CROSS VERMONT TRAIL ASSOCIATION, INC.**  
**Notes to Financial Statements**  
**June 30, 2022**

**2. Concentration of credit risk**

The Organization maintains bank deposits at local financial institutions in Vermont. The Organization's demand deposits are insured by the Federal Deposit Insurance Corporation up to a total of \$250,000 per financial institution. The Organization does not have a formal concentration of credit risk policy. However, the Organization considers the creditworthiness of financial institutions maintaining its deposits to be sufficient and has not experienced any losses on these accounts.

**3. Stewardship fund**

The Organization maintains and manages a stewardship fund to provide income for meeting the Organization's stewardship responsibilities as well as to cover legal costs associated with the enforcement of easement violations. Investment earnings from assets held in the stewardship fund are required to be used solely to support the CVTA easement stewardship program. The original principal amount in the stewardship fund is required to remain intact unless written approval is obtained from the funding agency, Vermont Housing and Conservation Board.

The Organization's policy is to invest the funds in an FDIC insured interest-bearing account. The Organization has adopted a policy not to withdraw any funds from the stewardship fund until it reaches \$25,000. Changes in stewardship fund net assets for the year ended June 30, 2022, were as follows:

	<u>With Donor Restrictions</u>
Balance, beginning of year	\$ 15,005
Investment return	50
Balance, end of year	\$ <u>15,055</u>

**4. Net assets with donor restrictions**

As of June 30, 2022, net assets with donor restrictions were restricted for the following purposes:

Subject to expenditure for specific purpose:	<u>2022</u>
Stewardship	\$ 15,055
Powerdam project	14,251
Other trail projects	10,000
Time restricted	<u>20,000</u>
	\$ <u>59,306</u>

**5. Contributions and grants receivable**

Unconditional promises to give and related grants receivables are estimated to be collected as follows at June 30, 2022:

Within one year	\$ 75,454
In one to five years	<u>10,000</u>
	\$ <u>85,454</u>

The Organization has recorded the receivable at net realizable value.

**6. Property, plant, and equipment**

Property, plant, and equipment as of June 30, 2022, consisted of \$35,000 in conservation land. Depreciation expense for the fiscal year ended June 30, 2022, was \$0.

**CROSS VERMONT TRAIL ASSOCIATION, INC.**  
**Notes to Financial Statements**  
**June 30, 2022**

**7. Concentration of revenue**

The Organization receives a substantial amount of revenue from a limited number of grantors and contributors. Of the \$956,963 recorded as total revenue and gains for the year ended June 30, 2022, \$863,236 came from three sources, which represents 90.2% of total revenue and gains.

**8. Conditional promises**

The Organization has been awarded approximately \$145,287 in contracts and grants as of June 30, 2022, which have not been received. These awards represent commitments of sponsors to provide funds, on a cost-reimbursement basis, for trail and bridge construction and will not be reflected in the financial statements until reimbursable activities have been conducted in accordance with the provisions of the grants.

**9. Line of credit**

As of June 30, 2022, the Organization had available a \$20,000 line of credit at a variable interest rate indexed to the Wall Street Journal Prime Rate plus 3.00%. However, in no event will the interest rate be less than 7.000%. The line of credit matures on March 28, 2023. As of June 30, 2022, \$0 was borrowed against this line of credit.

**10. Financial assets available to meet cash needs**

The following reflects the Organization's financial assets as of June 30, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets, end of year	\$ 217,779
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions	<u>50,388</u>
 Financial assets available to meet cash needs for general expenditures within one year of June 30, 2022	 \$ <u>167,391</u>

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has a goal to maintain \$10,000 in unrestricted cash on hand to meet four months of normal operating expenses, which are, on average, approximately \$2,500 monthly.

**11. Subsequent events**

The Organization evaluated its June 30, 2022, financial statements for subsequent events through February 13, 2023, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

**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**

The Board of Directors of  
Cross Vermont Trail Association, Inc.

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 Cross Vermont Trail Association, Inc.'s (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cross Vermont Trail Association, Inc.'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 Cross Vermont Trail Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Cross Vermont Trail Association, Inc.'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cross Vermont Trail Association, Inc.'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*.

The Board of Directors of  
Cross Vermont Trail Association, Inc.

**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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pace & Hawley, LLC*

Berlin, Vermont  
February 13, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors of  
Cross Vermont Trail Association, Inc.

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Cross Vermont Trail Association Inc.'s 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 each of Cross Vermont Trail Association Inc.'s major federal programs for the year ended June 30, 2022. The Cross Vermont Trail Association Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cross Vermont Trail Association Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

**Basis for Opinion on Each 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cross Vermont Trail Association Inc. and to meet our 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 each major federal program. Our audit does not provide a legal determination of Cross Vermont Trail Association Inc.'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 Cross Vermont Trail Association Inc.'s federal programs.

**Auditor's 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 Cross Vermont Trail Association Inc.'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 Cross Vermont Trail Association's compliance with the requirements of each major federal program as a whole.

The Board of Directors of  
Cross Vermont Trail Association, Inc.

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 Cross Vermont Trail Association, Inc.'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 Cross Vermont Trail Association Inc.'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 Cross Vermont Trail Association, Inc.'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 and 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.

*Pace & Hawley, LLC*

Berlin, Vermont  
February 13, 2023



**CROSS VERMONT TRAIL ASSOCIATION, INC.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Grant Amount	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Federal Highway Administration</b>					
Passed through the State of Vermont,					
Department of Forest, Parks and Recreation					
Recreation Trails Program	20.219	06130-RTP-22-02	\$ 50,000	\$ -	\$ 24,034
Passed through the State of Vermont,					
Agency of Transportation					
Highway Planning and Construction	20.205	CA0188	1,454,480	-	628,435
Highway Planning and Construction	20.205	EH0033	300,000	-	136,582
Total Highway Planning and Construction			<u>1,754,480</u>	<u>-</u>	<u>765,017</u>
<i>Total Highway Planning and Construction Cluster</i>			<u>1,804,480</u>	<u>-</u>	<u>789,051</u>
<i>Total U.S. Federal Highway Administration</i>			<u>1,804,480</u>	<u>-</u>	<u>789,051</u>
			\$ <u>1,804,480</u>	\$ <u>-</u>	\$ <u>789,051</u>

*The accompanying notes are an integral part of these financial statements.*

**Cross Vermont Trail Association, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

- A. Basis of presentation – The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards of the Cross Vermont Trail Association, Inc. under programs of the federal government for the year ended June 30, 2022. The information in this 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 Cross Vermont Trail Association, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Cross Vermont Trail Association, Inc.

- B. Summary of significant accounting policies - The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis, which is further described in Note 1 to Cross Vermont Trail Association, Inc.'s financial statements. Expenditures are recognized in the Schedule following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- C. Indirect cost rate - The Organization did not elect to use the 10% de minimis cost rate.

**Cross Vermont Trail Association, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2022**

**A. Summary of auditor's results**

The Uniform Guidance requires the following summary of auditor's results to be included in the schedule of findings and questioned costs.

1. The auditor's report expressed an unmodified opinion on the financial statements of Cross Vermont Trail Association, Inc.
2. Material weaknesses in internal control over financial reporting: None
3. Significant deficiencies in internal control over financial reporting: None
4. Noncompliance material to the financial statements: None
5. Type of report issued on compliance with requirements applicable to the major programs: Unmodified
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a): None
7. Material weaknesses in internal control over compliance applicable to each major program: None
8. Significant deficiencies in internal control over compliance applicable to each major program: None
9. Identification of major program(s):  

Assistance Listing Numbers 20.205, 20.219 Highway Planning and Construction Cluster
10. For the determination of major federal programs in accordance with the 2 CFR section 200.518(b)(1) the dollar threshold used to distinguish between Type A (larger) and Type B (smaller) programs was \$750,000.
11. For auditing purposes under the Uniform Guidance, the Organization was not classified as a low-risk auditee.

**B. Audit findings – Federal Awards**

None

**C. Audit findings – Financial Statements**

None

**Cross Vermont Trail Association, Inc.  
Schedule of Prior Audit Findings  
For the Year Ended June 30, 2022**

**A. Prior Audit findings - Federal Awards**

None

**B. Prior Audit findings - Financial Statements**

None