

CROSS VERMONT TRAIL ASSOCIATION, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANT'S
REVIEW REPORT**

JUNE 30, 2011

CROSS VERMONT TRAIL ASSOCIATION, INC.

JUNE 30, 2011

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Cross Vermont Trail Association, Inc

We have reviewed the accompanying statement of financial position of Cross Vermont Trail Association, Inc. (a nonprofit organization) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Pace & Hawley, LLC

Montpelier, VT
February 29, 2012

CROSS VERMONT TRAIL ASSOCIATION, INC.
Statement of Financial Position
June 30, 2011

Assets	<u>2011</u>
Current assets:	
Cash	\$ 9,882
Grants receivable	24,301
Prepaid expenses	<u>1,784</u>
Total current assets	<u>35,967</u>
Noncurrent assets:	
Property and equipment	10,795
Less: accumulated depreciation	<u>(701)</u>
Total capital assets	<u>10,094</u>
Total assets	<u>\$ 46,061</u>
 Liabilities and net assets	
Current liabilities:	
Accounts payable	\$ 15,824
Loan due to employee	<u>1,000</u>
Total current liabilities	<u>16,824</u>
Total liabilities	<u>16,824</u>
Net assets:	
Permanently restricted	7,835
Temporarily restricted	452
Unrestricted	<u>20,950</u>
Total net assets	<u>29,237</u>
Total liabilities and net assets	<u>\$ 46,061</u>

See accompanying notes and independent accountant's review report.

CROSS VERMONT TRAIL ASSOCIATION, INC.
Statement of Activities
For the Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Grants	\$ 105,977	\$ -	\$ -	\$ 105,977
Contributions	9,206	-	-	9,206
Investment income	15	98	-	113
Miscellaneous	37	-	-	37
Net assets released from restrictions:				
Satisfaction of program use restriction	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>140,235</u>	<u>(24,902)</u>	<u>-</u>	<u>115,333</u>
Expenses:				
Trail construction & maintenance	214,607	-	-	214,607
Fundraising	15,071	-	-	15,071
Administration	<u>18,627</u>	<u>-</u>	<u>-</u>	<u>18,627</u>
Total expenses	<u>248,305</u>	<u>-</u>	<u>-</u>	<u>248,305</u>
Change in net assets	(108,070)	(24,902)	-	(132,972)
Net assets, beginning of year	<u>129,020</u>	<u>25,354</u>	<u>7,835</u>	<u>162,209</u>
Net assets, end of year	\$ <u>20,950</u>	\$ <u>452</u>	\$ <u>7,835</u>	\$ <u>29,237</u>

See accompanying notes and independent accountant's review report.

CROSS VERMONT TRAIL ASSOCIATION, INC.
Statement of Cash Flows
For the Year Ended June 30, 2011

Cash flows from operating activities	
Change in net assets	\$ (132,972)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	81
Noncash donations	120,000
Investment income	(113)
(Increase) decrease in grants receivable	22,415
(Increase) decrease in prepaid expenses	(14)
Increase (decrease) in accounts payable	<u>(6,190)</u>
Net cash provided by operating activities	<u>3,207</u>
 Cash flows from investing activities	
Interest received	<u>113</u>
Net cash provided by investing activities	<u>113</u>
 Cash flows from financing activities	
Payment of line of credit	(7,620)
Proceeds from note payable	<u>1,000</u>
Net cash provided (used) by financing activities	<u>(6,620)</u>
 Net increase (decrease) in cash	 (3,300)
Cash, beginning of year	<u>13,182</u>
Cash, end of year	\$ <u>9,882</u>
 <i>Noncash investing and financing activities:</i>	
Donation of land	\$ 120,000
 <i>Supplemental disclosure of cash flow information:</i>	
Cash paid during the year for interest	\$ 424

See accompanying notes and independent accountant's review report.

CROSS VERMONT TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 administrative offices located in Montpelier, Vermont. The Organization is supported primarily through grants and contributions.

- A. Reporting entity - The Organization is classified as a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.
- B. Financial statement presentation - The Organization presents its financial statements in accordance with accounting principles generally accepted in the United States ("GAAP"). The Financial Accounting Standard Board's Accounting Standards Codification (the "Codification" or "ASC") became effective for interim and annual periods ending after September 15, 2009. The codification is the single source of authoritative accounting principles applied by non-governmental entities in the preparation of financial statements in conformity with GAAP. The codification does not change current GAAP, but is intended to simplify user access to GAAP by providing all the authoritative literature related to a particular topic in one place. As of the effective date, all existing accounting standard documents were superseded. Accordingly, this report references the Codification as the sole source of authoritative literature.

The financial statements follow the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No 958, Not-for-Profit Entities, section 205, Presentation of Financial Statements of Not-for-Profit Organizations. Under section 205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

- 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 and cash equivalents - Cash and cash equivalents include demand deposits, money market funds and highly liquid investments which are readily convertible into cash within ninety days of purchase.
- F. Property and equipment - Property and equipment in excess of \$100 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 as follows:

	<u>Years</u>
Equipment and machinery	3 - 5

- G. Grant revenue and deferred revenue - The Organization records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue. The balance in deferred revenue represents amounts received under cost reimbursement contracts that will be expended in the next fiscal year in accordance with the grant. As of June 30, 2011, the Organization had no deferred revenue.

CROSS VERMONT TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. Summary of significant accounting policies (continued):

- H. Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and nature of any donor restrictions. Contributions of cash and other assets are reported as temporarily restricted if they are received with donor stipulations that limit the use of the donated assets. Permanently restricted net assets represent contributions from donor imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the actions of the organization. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.
- I. Income taxes - The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and did not conduct unrelated business activities. Accordingly, the Organization has made no provision for federal income taxes in the accompanying financial statements.
- J. Advertising - The Organization's policy is to expense advertising costs as incurred. The Organization has recorded \$0 in advertising expense for the year ended June 30, 2011.

2. Cash:

The Organization maintains cash balances which may, at times throughout the year, exceed amounts covered by the Federal Deposit Insurance Corporation (FDIC). The bank balance of cash at June 30, 2011 was completely covered by the FDIC.

3. Grants receivable:

Grants receivable consists of amounts due from grantor agencies for services performed. Due to their current nature, no allowance for uncollectible grants receivable is considered necessary. There was no bad debt expense related to grants receivable for the year ended June 30, 2011

4. Property and equipment:

Property and equipment activity for 2011 was as follows:

	Balance <u>7/1/2010</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>6/30/2011</u>
Non depreciable assets				
Land	\$ <u>130,000</u>	\$ <u>-</u>	\$ <u>(120,000)</u>	\$ <u>10,000</u>
Depreciable assets				
Equipment	<u>795</u>	<u>-</u>	<u>-</u>	<u>795</u>
Less: accumulated depreciation	<u>(620)</u>	<u>(81)</u>	<u>-</u>	<u>(701)</u>
Total depreciable assets, net	<u>175</u>	<u>(81)</u>	<u>-</u>	<u>94</u>
Property and equipment, net	\$ <u><u>130,175</u></u>	\$ <u><u>(81)</u></u>	\$ <u><u>(120,000)</u></u>	\$ <u><u>10,094</u></u>

CROSS VERMONT TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

5. Line of credit:

As of June 30, 2011, the Organization had available a \$20,000 line of credit at a variable interest rate indexed to the Wall Street Journal Prime Rate plus 3.0%. The line of credit matures on December 21, 2012. No amounts were borrowed against this line of credit at fiscal year end.

6. Loan due to employee:

The Organization received a \$1,000 no interest loan from an employee to temporarily cover operating costs. The principal balance of \$1,000 was outstanding as of June 30, 2011.

7. Permanent and temporarily restricted net assets:

As of June 30, 2011, the Organization maintained an endowment with total assets of \$8,262 held in a certificate of deposit. The principal of this endowment is permanently restricted. Any interest earned on this endowment represents temporarily restricted net assets due to donor restrictions limiting the assets for specific projects. As of June 30, 2011, the Organization reported permanent and temporarily restricted net assets, pertaining to this endowment, of \$7,835 and \$452, respectively.

8. Concentration of revenue:

For the year ended June 30, 2011, approximately 57% of the Organization's total revenue was earned under two state grants.

9. Donated office space and payroll processing:

The Organization's office space is currently donated by the Central Vermont Regional Planning Commission. Accordingly, for the year ended June 30, 2011, the Organization has recognized a contribution and rent expense of \$2,200. This amount represents an estimate of the fair market value of the donated office space. The Central Vermont Regional Planning Commission also provides payroll processing for the Organization free of charge. Accordingly, for the year ended June 30, 2011, the Organization has recognized a contribution and payroll service expense of \$827. This amount represents an estimate of the fair market value of the donated payroll processing.

10. Commitments:

The Organization has an agreement with an engineering firm for the purposes of conducting, surveying, engineering investigations and developing construction plans, specifications and estimates, and providing design engineering services for a new section of the Cross Vermont Trail. The agreement specifies that the amount paid for these services shall not exceed \$238,710. The Organization recorded \$53,886 in expenses for the year ending June 30, 2011 related to this project.

11. Subsequent events:

Cross Vermont Trail Association, Inc. has evaluated events and transactions for potential recognition of disclosure through February 29, 2012, the date the financial statements were available to be issued.