

CROSS VERMONT TRAIL ASSOCIATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2009

CROSS VERMONT TRAIL ASSOCIATION, INC.

JUNE 30, 2009

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Pace & Hawley, LLC

Certified Public Accountants

The Board of Directors
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, 2009, and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Cross Vermont Trail Association, Inc.

A review consists principally of inquires of Cross Vermont Trail Association, Inc. personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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 generally accepted accounting principles.

Pace & Hawley, LLC

Montpelier, VT
March 31, 2010

CROSS VERMONT TRAIL ASSOCIATION, INC.
Statement of Financial Position
June 30, 2009

Assets

Current assets:	
Cash	\$ 14,508
Grants receivable	571
Prepaid expenses	<u>1,604</u>
Total current assets	<u>16,683</u>
Capital assets:	
Land	130,000
Equipment	795
Less: accumulated depreciation	<u>(486)</u>
Total capital assets	<u>130,309</u>
Total assets	\$ <u><u>146,992</u></u>

Liabilities and net assets

Current liabilities:	
Accounts payable	\$ 11,105
Deferred revenue	<u>9,200</u>
Total current liabilities	<u>20,305</u>
Total liabilities	<u>20,305</u>
Net assets:	
Permanently restricted	7,835
Temporarily restricted	226
Unrestricted	<u>118,626</u>
Total net assets	<u>126,687</u>
Total liabilities and net assets	\$ <u><u>146,992</u></u>

See accompanying notes and accountant's report.

CROSS VERMONT TRAIL ASSOCIATION, INC.
Statement of Activities
For the Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Grants	\$ 110,688	\$ -	\$ 2,900	\$ 113,588
Contributions	3,128	-	-	3,128
Investment income	88	226	-	314
Total revenues	<u>113,904</u>	<u>226</u>	<u>2,900</u>	<u>117,030</u>
Expenses:				
Trail construction & maintenance	92,199	-	-	92,199
Administration	22,454	-	-	22,454
Total expenses	<u>114,653</u>	<u>-</u>	<u>-</u>	<u>114,653</u>
Change in net assets	(749)	226	2,900	2,377
Net assets, beginning of year	<u>119,375</u>	<u>-</u>	<u>4,935</u>	<u>124,310</u>
Net assets, end of year	\$ <u>118,626</u>	\$ <u>226</u>	\$ <u>7,835</u>	\$ <u>126,687</u>

See accompanying notes and accountant's report.

CROSS VERMONT TRAIL ASSOCIATION, INC.
Statement of Cash Flows
For the Year Ended June 30, 2009

Cash flows from operating activities	
Change in net assets	\$ 2,377
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	218
Investment income	(314)
(Increase) decrease in accounts receivable	55,094
(Increase) decrease in prepaids	(908)
Increase (decrease) in accounts payable	(65,594)
Increase (decrease) in deferred revenue	<u>(5,844)</u>
Net cash provided by operating activities	<u>(14,971)</u>
 Cash flows from investing activities	
Interest received	<u>314</u>
Net cash provided (used) by investing activities	<u>314</u>
 Net increase (decrease) in cash	 (14,657)
 Cash, beginning of year	 <u>29,165</u>
 Cash, end of year	 \$ <u>14,508</u>

See accompanying notes and accountant's report.

CROSS VERMONT TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

A. 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.

1. 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.
2. Financial statement presentation - The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.
3. 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.
4. 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.
5. 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.
6. 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

7. 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.

CROSS VERMONT TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

A. Summary of significant accounting policies (continued):

8. 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.
9. 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.
10. 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, 2009.

B. 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, 2009 was completely covered by the FDIC.

C. 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, 2009, the Organization has recognized a contribution and rent expense of \$1,800. 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. An estimated value of the payroll processing was not determinable. Accordingly, for the year ended June 30, 2009, the Organization has not recorded a contribution or expense that reflects this activity.

D. Property and equipment:

Property and equipment activity for 2009 was as follows:

	Balance <u>7/1/2008</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>6/30/3009</u>
Capital assets, not depreciated:				
Land	\$ <u>130,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>130,000</u>
Capital assets, depreciated:				
Equipment	<u>795</u>	<u>-</u>	<u>-</u>	<u>795</u>
Less: accumulated depreciation	<u>(268)</u>	<u>(218)</u>	<u>-</u>	<u>(486)</u>
Total capital assets depreciated, net	<u>527</u>	<u>(218)</u>	<u>-</u>	<u>309</u>
Capital assets, net	\$ <u>130,527</u>	\$ <u>(218)</u>	\$ <u>-</u>	\$ <u>130,309</u>

CROSS VERMONT TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

E. Concentration of revenue:

For the year ended June 30, 2009, the Organization received 57% of its revenue from two grantor agencies. The Organization will need to reapply for additional grants in order to receive future funding from these agencies.

F. Permanent and temporarily restricted net assets:

As of June 30, 2009, the Organization maintained an endowment with total assets of \$8,061 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, 2009, the Organization reported permanent and temporarily restricted net assets, pertaining to this endowment, of \$7,835 and \$226, respectively.

G. Subsequent event:

On November 24, 2009, the Organization opened a \$15,000 line of credit with a local bank in order coordinate cash flow needs. The line of credit expires on November 24, 2010 and has an interest rate of 6.25%.