

CROSS VERMONT TRAIL ASSOCIATION, INC.

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

JUNE 30, 2010

CROSS VERMONT TRAIL ASSOCIATION, INC.

JUNE 30, 2010

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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, 2010, 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
May 11, 2011

CROSS VERMONT TRAIL ASSOCIATION, INC.

Statement of Financial Position

June 30, 2010

Assets

Current assets:

Cash	\$	13,182
Contributions receivable		25,000
Grants receivable		21,716
Prepaid expenses		<u>1,770</u>
Total current assets		<u>61,668</u>

Capital assets:

Land		130,000
Equipment		795
Less: accumulated depreciation		<u>(620)</u>
Total capital assets		<u>130,175</u>

Total assets \$ 191,843

Liabilities and net assets

Current liabilities:

Accounts payable	\$	22,014
Line of credit		<u>7,620</u>
Total current liabilities		<u>29,634</u>

Total liabilities 29,634

Net assets:

Permanently restricted		7,835
Temporarily restricted		25,354
Unrestricted		<u>129,020</u>
Total net assets		<u>162,209</u>

Total liabilities and net assets \$ 191,843

See accompanying notes and accountant's report.

CROSS VERMONT TRAIL ASSOCIATION, INC.**Statement of Activities****For the Year Ended June 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Grants	\$ 84,298	\$	\$	\$ 84,298
Contributions	7,123	25,000	-	32,123
Investment income	47	128	-	175
Total revenues	<u>91,468</u>	<u>25,128</u>	<u>-</u>	<u>116,596</u>
Expenses:				
Trail construction & maintenance	61,122	-	-	61,122
Fundraising	6,589	-	-	6,589
Administration	13,363	-	-	13,363
Total expenses	<u>81,074</u>	<u>-</u>	<u>-</u>	<u>81,074</u>
Change in net assets	10,394	25,128	-	35,522
Net assets, beginning of year	<u>118,626</u>	<u>226</u>	<u>7,835</u>	<u>126,687</u>
Net assets, end of year	\$ <u>129,020</u>	\$ <u>25,354</u>	\$ <u>7,835</u>	\$ <u>162,209</u>

See accompanying notes and accountant's report.

CROSS VERMONT TRAIL ASSOCIATION, INC.

Statement of Cash Flows

For the Year Ended June 30, 2010

Cash flows from operating activities	
Change in net assets	\$ 35,522
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	134
Investment income	(175)
(Increase) decrease in accounts receivable	(46,145)
(Increase) decrease in prepaid expenses	(166)
Increase (decrease) in accounts payable	10,909
Increase (decrease) in deferred revenue	<u>(9,200)</u>
Net cash provided (used) by operating activities	<u>(9,121)</u>
Cash flows from investing activities	
Interest received	<u>175</u>
Net cash provided by investing activities	<u>175</u>
Cash flows from financing activities	
Proceeds from line of credit	<u>7,620</u>
Net cash provided by financing activities	<u>7,620</u>
Net increase (decrease) in cash	(1,326)
Cash, beginning of year	<u>14,508</u>
Cash, end of year	\$ <u>13,182</u>

See accompanying notes and accountant's report.

CROSS VERMONT TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010, the Organization had no deferred revenue.

CROSS VERMONT TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 \$97 in advertising expense for the year ended June 30, 2010.

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, 2010 was completely covered by the FDIC.

3. Property and equipment:

Property and equipment activity for 2010 was as follows:

	<u>Balance</u> <u>7/1/2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>6/30/2010</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>(486)</u>	<u>(134)</u>	<u>-</u>	<u>(620)</u>
Total capital assets depreciated, net	<u>309</u>	<u>(134)</u>	<u>-</u>	<u>175</u>
Capital assets, net	\$ <u>130,309</u>	\$ <u>(134)</u>	\$ <u>-</u>	\$ <u>130,175</u>

4. 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, 2010, 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, 2010, the Organization has not recorded a contribution or expense that reflects this activity.

CROSS VERMONT TRAIL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

5. Permanent and temporarily restricted net assets:

As of June 30, 2010, the Organization maintained an endowment with total assets of \$8,189 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, 2010, the Organization reported permanent and temporarily restricted net assets, pertaining to this endowment, of \$7,835 and \$354, respectively. Additionally, the Organization reported \$25,000 in temporarily restricted net assets related to an unconditional promise to give.

6. Line of credit:

On November 24, 2009, the Organization opened a \$15,000 line of credit with a local bank in order to coordinate cash flow needs. The line of credit expires on November 24, 2010, and has an interest rate of 6.25%. The balance of funds in use from the line of credit as of June 30, 2010 was \$7,620.

7. Subsequent events:

On November 24, 2010, the Organization renewed its \$15,000 line of credit with a local bank in order to coordinate cash flow needs. The line of credit expires on November 24, 2011, and has a variable interest rate.

On October 15, 2010, the Organization subdivided and donated its ownership interest in a certain parcel of land, known as the Benton property, to the Town of East Montpelier and the Central Vermont Habitat for Humanity. The land transferred to the Town of East Montpelier was to be used for the purposes of conservation and recreation.