

**CROSS VERMONT TRAIL ASSOCIATION, INC.**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2023

**CROSS VERMONT TRAIL ASSOCIATION, INC.**

**JUNE 30, 2023**

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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, 2023, 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, 2023, 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. 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 opinion.

#### 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 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, 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.

*Pace & Hawley, LLC*

Berlin, Vermont  
May 13, 2024

**CROSS VERMONT TRAIL ASSOCIATION, INC.**  
**Statement of Financial Position**  
**June 30, 2023**

<b>Assets</b>	
Cash	\$ 125,960
Accounts receivable, net	2,840
Contributions and grants receivable, net	45,934
Prepaid expenses	1,634
Land	35,000
Other assets	262
Cash restricted long-term stewardship	<u>13,835</u>
Total assets	<u>\$ 225,465</u>
 <b>Liabilities and net assets</b>	
Accounts payable	\$ 4,965
Accrued wages and payroll taxes	<u>2,153</u>
Total liabilities	<u>7,118</u>
 Net assets:	
Net assets without donor restrictions	151,802
Net assets with donor restrictions	<u>66,545</u>
Total net assets	<u>218,347</u>
Total liabilities and net assets	<u>\$ 225,465</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, 2023**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
<b>Revenue, support, and gains</b>			
Contributions	\$ 41,250	\$ 7,750	\$ 49,000
Contributions in-kind	90	-	90
Grants	17,000	87,759	104,759
Program and event income	4,307	-	4,307
Less: cost of sales	(3,324)	-	(3,324)
Interest	130	75	205
Total revenue, support, and gains	<u>59,453</u>	<u>95,584</u>	<u>155,037</u>
<b>Net assets released from restrictions</b>			
Satisfaction of time restrictions	10,000	(10,000)	-
Satisfaction of program restrictions	78,345	(78,345)	-
Total net assets released from restrictions	<u>88,345</u>	<u>(88,345)</u>	<u>-</u>
<b>Expenses</b>			
Program services:			
Trail activities	<u>136,183</u>	<u>-</u>	<u>136,183</u>
Supporting activities:			
Management and general	18,964	-	18,964
Fundraising	2,521	-	2,521
Total supporting activities	<u>21,485</u>	<u>-</u>	<u>21,485</u>
Total expenses	<u>157,668</u>	<u>-</u>	<u>157,668</u>
Change in net assets	(9,870)	7,239	(2,631)
Net assets, beginning of year	<u>161,672</u>	<u>59,306</u>	<u>220,978</u>
Net assets, end of year	<u>\$ 151,802</u>	<u>\$ 66,545</u>	<u>\$ 218,347</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, 2023**

	Programs	Management & General	Fundraising	Total Expenses
Advertising	\$ 195	\$ -	\$ 150	\$ 345
Cost of goods sold	-	-	3,324	3,324
Dues	-	715	-	715
Facility	-	1,656	-	1,656
Fees	-	126	-	126
Information technology	-	324	-	324
Insurance	-	1,042	-	1,042
Office expense	15	222	1,054	1,291
Professional and technical services	9,370	11,462	-	20,832
Property taxes	36	-	-	36
Trail projects direct expenses	91,473	-	-	91,473
Trail projects contractor expenses	13,630	-	-	13,630
Wages	19,700	3,100	1,200	24,000
Payroll taxes	1,507	237	92	1,836
Other	<u>257</u>	<u>80</u>	<u>25</u>	<u>362</u>
 Total expenses by function	 136,183	 18,964	 5,845	 160,992
 Less expenses included with revenues on the statement of activities:				
Cost of goods sold	<u>-</u>	<u>-</u>	<u>(3,324)</u>	<u>(3,324)</u>
 Total expenses included in the expense section on the statement of activities	 <u>\$ 136,183</u>	 <u>\$ 18,964</u>	 <u>\$ 2,521</u>	 <u>\$ 157,668</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, 2023**

<b>Cash flows from operating activities</b>	
Change in net assets	\$ (2,631)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in accounts receivable, net	(2,840)
(Increase) decrease in contributions receivable, net	39,520
(Increase) decrease in prepaid expenses	(244)
(Increase) decrease in other assets	151
Increase (decrease) in accounts payable	(25,404)
Increase (decrease) in refundable advance	(1,082)
Interest income reinvested in stewardship endowment	<u>(75)</u>
Net cash provided by operating activities	<u>7,395</u>
 <b>Cash flows from financing activities</b>	
Interest income reinvested in stewardship	<u>75</u>
 Net increase in cash	<u>7,470</u>
 Cash, beginning of year	118,490
Restricted cash, beginning of year	<u>13,835</u>
	<u>132,325</u>
 Cash, end of year	125,960
Restricted cash, end of year	<u>13,835</u>
	<u>\$ 139,795</u>
 <b>Supplemental disclosure of cash flow information</b>	
None	\$ <u><u>-</u></u>
 <b>Supplemental disclosure of non-cash investing and financing activities</b>	
None	\$ <u><u>-</u></u>

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



**Cross Vermont Trail Association, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

**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 if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the assets estimated useful lives. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of any asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the assets. The Organization has determined that there were no indicators of asset impairment during the year ended June 30, 2023.

**Cross Vermont Trail Association, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

**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 and Vermont income taxes under Section 501(c)(3) of the Internal Revenue Code for income received for its exempt purpose. The Organization is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to net income tax on net income that is derived from business activities that are unrelated to their exempt purpose. The Organization has determined that they have no activities that are subject to unrelated business income tax and therefore have not filed an Exempt Organization Business Income Tax Return (Form 990-T) for the year ended June 30, 2023. The Organization had no uncertain tax positions as of June 30, 2023.
- I. Advertising - The Organization's policy is to expense advertising costs as incurred. The Organization has recorded \$345 in advertising expense for the year ended June 30, 2023.
- J. Accounts receivable – Accounts receivable consist primarily of amounts due for trail construction activities. The Organization determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. As of June 30, 2023, the allowance was \$0.
- K. 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, 2023, the allowance was \$0.
- L. 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.
- M. 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.
- N. 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.

**Cross Vermont Trail Association, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

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

O. 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.

**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, 2023, were as follows:

		<u>With Donor Restrictions</u>
Balance, beginning of year	\$	15,055
Investment return		<u>75</u>
Balance, end of year	\$	<u><u>15,130</u></u>

**4. Net assets with donor restrictions**

As of June 30, 2023, net assets with donor restrictions were restricted for the following purposes:

		<u>2023</u>
Subject to expenditure for specific purpose:		
Stewardship	\$	15,130
Powerdam project		244
Other trail projects		<u>41,171</u>
		56,545
Time restricted		<u>10,000</u>
	\$	<u><u>66,545</u></u>

**5. Property, plant, and equipment**

Property, plant, and equipment as of June 30, 2023, consisted of \$35,000 in conservation land. Depreciation expense for the fiscal year ended June 30, 2023, was \$0.

**Cross Vermont Trail Association, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

**6. Contributions and grants receivable**

Unconditional promises to give and related grants receivables are estimated to be collected as follows at June 30, 2023:

Within one year      \$ 45,934

The Organization has recorded the receivable at net realizable value.

**7. Concentration of revenue**

The Organization receives a substantial amount of revenue from a limited number of grantors and contributors. Of the \$155,037 recorded as total revenue, support, and gains for the year ended June 30, 2023, \$89,896 came from three sources, which represents 57.9% of total revenue and gains.

**8. Conditional promises**

The Organization has been awarded approximately \$150,000 grants as of June 30, 2023, which have not been received. These awards represent commitments of sponsors to provide funds, on a cost-reimbursement basis, for trail project construction and related activities 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, 2023, 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 June 28, 2024. As of June 30, 2023, \$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, 2023, 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	\$ 188,569
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions	<u>56,545</u>
 Financial assets available to meet cash needs for general expenditures within one year of June 30, 2023	 \$ <u>132,024</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, 2023, financial statements for subsequent events through May 13, 2024, 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.