

Audited Financial Statements

Eastern Trail Management District

June 30, 2013



Proven Expertise and Integrity

EASTERN TRAIL MANAGEMENT DISTRICT

JUNE 30, 2013

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Eastern Trail Management District
Saco, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the Eastern Trail Management District (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility 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, where due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Trail Management District as of June 30, 2013 and 2012, 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.

RHR Smith & Company

Certified Public Accountants

November 1, 2013

EASTERN TRAIL MANAGEMENT DISTRICT

STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 49,532	\$ 44,738
Accounts receivable (net of allowance)	1,750	104,956
TOTAL ASSETS	<u>\$ 51,282</u>	<u>\$ 149,694</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 162	\$ 72,922
Deferred revenue	16,750	35,000
TOTAL LIABILITIES	<u>16,912</u>	<u>107,922</u>
NET ASSETS		
Unrestricted	<u>34,370</u>	<u>41,772</u>
TOTAL NET ASSETS	<u>34,370</u>	<u>41,772</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 51,282</u>	<u>\$ 149,694</u>

See accompanying independent auditors' report and notes to financial statements.

EASTERN TRAIL MANAGEMENT DISTRICT

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

	<u>2013</u>	<u>2012</u>
REVENUES		
Project Reimbursements	\$ 126,265	\$ 2,615,404
Membership Fees	25,000	50,000
Interest Income	7	11
Miscellaneous	3,616	250
TOTAL REVENUES	<u>154,888</u>	<u>2,665,665</u>
EXPENSES		
Administration	13,170	3,927
Consultant Construction Management	17,177	93,684
Engineering	-	23,062
Audit	3,500	1,900
Insurance	500	500
Services	22,337	31,878
Trail Construction	105,606	2,504,575
Miscellaneous	-	100
TOTAL EXPENSES	<u>162,290</u>	<u>2,659,626</u>
INCREASE/DECREASE IN NET ASSETS	(7,402)	6,039
NET ASSETS - JULY 1	<u>41,772</u>	<u>35,733</u>
NET ASSETS - JUNE 30	<u>\$ 34,370</u>	<u>\$ 41,772</u>

See accompanying independent auditors' report and notes to financial statements.

EASTERN TRAIL MANAGEMENT DISTRICT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (7,402)	\$ 6,039
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	103,206	(60,030)
Increase (decrease) in accounts payable	(72,760)	60,266
Increase (decrease) in deferred revenue	(18,250)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>4,794</u>	<u>6,275</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	-	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	4,794	6,275
CASH AND CASH EQUIVALENTS - JULY 1	<u>44,738</u>	<u>38,463</u>
CASH AND CASH EQUIVALENTS- JUNE 30	<u><u>\$ 49,532</u></u>	<u><u>\$ 44,738</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying independent auditors' report and notes to financial statements.

EASTERN TRAIL MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Eastern Trail Management District is a duly formed and organized Corporation under Chapter Fifty-Four of the Revised Statutes of the State of Maine. The entity was formed in March of 2001 by the municipalities of Kittery, Eliot, South Berwick, North Berwick, Wells, Kennebunk, Arundel, Biddeford, Saco, Old Orchard Beach, Scarborough and South Portland and one non-profit the Eastern Trail Alliance, the principal purpose of which is to establish and maintain a multi-use recreational non-motorized trail extending from Kittery to the South Portland, Maine. The Eastern Trail Management District is governed by a board of directors comprised of one voting member from each municipality and three voting members from the Eastern Trail Alliance. The municipalities incorporated this organization to act on their behalf to develop and operate the Eastern Trail and have direct say, through their representative(s), as to how it is run.

Basis of Accounting

The accounts of the Organization have been prepared on the accrual basis of accounting.

Support and Contributions

Support and contributions are received and recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement reporting purposes, cash and cash equivalents are defined as all bank deposits with original maturities of three months or less.

EASTERN TRAIL MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

NOTE 2 – CASH

The Organization maintains cash balances in primarily one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. During the year, the bank balances did not exceed the FDIC limit. The Organization has not experienced any losses in this account and believes it is not exposed to any significant risk on cash.

NOTE 3 – ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLE

The allowance for uncollectible accounts was estimated to be \$0 at June 30, 2013 and 2012.

NOTE 4 – INCOME TAXES

The organization is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code. Management believes there were no unrelated activities subject to tax on unrelated business income for the years ended June 30, 2013 and 2012. No income tax provisions have been made in the accompanying financial statements.

NOTE 5 – SUBSEQUENT EVENTS

Eastern Trail Management District has considered transactions or events occurring through November 1, 2013, which was the date the financial statements were available to be issued and found no material events to be reported.