

Audited Financial Statements

# Eastern Trail Management District

June 30, 2019



*Proven Expertise & Integrity*

EASTERN TRAIL MANAGEMENT DISTRICT

JUNE 30, 2019

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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, 2019 and 2018, and the related statements of activities, 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.

### **Auditors' 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

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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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*RHR Smith & Company*

Buxton, Maine  
March 31, 2020

EASTERN TRAIL MANAGEMENT DISTRICT  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30,

	2019	2018 (Restated)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 43,384	\$ 47,237
<b>TOTAL ASSETS</b>	<b>\$ 43,384</b>	<b>\$ 47,237</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Deferred revenue	\$ -	\$ 5,000
<b>TOTAL LIABILITIES</b>	-	5,000
 <b>NET ASSETS</b>		
Without external source restrictions	43,384	42,237
<b>TOTAL NET ASSETS</b>	<b>43,384</b>	<b>42,237</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$ 43,384</b>	 <b>\$ 47,237</b>

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

## EASTERN TRAIL MANAGEMENT DISTRICT

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30,

	2019 Without External Source Restrictions	2018 Without External Source Restrictions
REVENUES		
Membership Fees	\$ 48,500	\$ 48,500
Interest Income	8	4
Miscellaneous	1,250	5,135
TOTAL REVENUES	<u>49,758</u>	<u>53,639</u>
EXPENSES		
Rent	2,090	1,950
Office Supplies and Equipment	1,444	1,264
Postage	-	215
Travel	1,155	1,144
Audit	2,500	2,500
Legal Fees	87	3,796
Insurance	695	693
Services	40,640	39,045
Miscellaneous	-	70
TOTAL EXPENSES	<u>48,611</u>	<u>50,677</u>
INCREASE/(DECREASE) IN NET ASSETS	1,147	2,962
NET ASSETS - JULY 1, RESTATED	<u>42,237</u>	<u>39,275</u>
NET ASSETS - JUNE 30	<u>\$ 43,384</u>	<u>\$ 42,237</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>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 1,147	\$ 7,927
Changes in operating assets and liabilities:		
Increase (decrease) in deferred revenue	<u>(5,000)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(3,853)</u>	<u>7,927</u>
INCREASE (DECREASE) IN CASH	(3,853)	7,927
CASH AND CASH EQUIVALENTS - JULY 1	<u>47,237</u>	<u>39,310</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 43,384</u>	<u>\$ 47,237</u>

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

## EASTERN TRAIL MANAGEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

#### 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 the organization is to establish and maintain a multi-use recreational non-motorized trail extending from Kittery to 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.

##### Implementation of New Accounting Standards

During the year ended June 30, 2019, the following statement of financial accounting standards issued by the Financial Accounting Standards Board became effective:

ASU #2016-14, *"Presentation of Financial Statements for Not-for-Profit Entities."* The primary objective of this Statement is to improve the presentation of financial statements for not-for-profit entities. The main provisions of ASU 2016-14 include changes to net asset classes, investment return, expenses, liquidity and availability of resources and presentation of operating cash flows. The major improvements FASB made include reducing complexity in net asset classification, clarifying information regarding liquidity and availability of cash, increasing transparency in reporting financial measures, providing consistency in reporting expenses by function and nature and simplifying the presentation of operating cash flows.

##### Basis of Presentation

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

##### Display of Net Assets by Class

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions in accordance with the provisions of FASB ASU No. 2016-14. Net assets are classified as follows:



EASTERN TRAIL MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Without external source restricted net assets - Net assets that are not subject to donor-imposed stipulations.

With external source restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when stipulated time restriction ends or purpose restriction is accomplished, with external source restricted net assets are reclassified to without external source restricted net assets and reported in the statement of activities as net assets released from restrictions.

Restricted contributions whose restrictions are met in the year the contribution is received are reported as without external source restrictions. Accordingly, as of and for the years ended June 30, 2019 and 2018, the Organization had external source restricted net assets of \$0.

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.

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 of cash.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Organization will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party.

EASTERN TRAIL MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 2 - CASH (CONTINUED)

Cash and cash equivalents as of June 30, 2019 consisted of the following:

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 36,235
Savings accounts	7,149
	<u>\$ 43,384</u>

NOTE 3 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS RECEIVABLE

The allowance for uncollectible accounts was estimated to be \$0 at June 30, 2019 and 2018.

NOTE 4 - INCOME TAXES

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Corporation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Corporation and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Management believes that there were no potential sources of unrelated business taxable income subject to tax for the years ended June 30, 2019 and 2018. Accordingly, no provision for income taxes has been made.

The Corporation files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Maine. The Corporation is generally no longer subject to examination by the Internal Revenue Service for years before 2015.

NOTE 5 - RESTATEMENT

In 2019, the Eastern Trail Management District determined that certain transactions in prior years required a revision to the statement of net position. The net position decreased by \$4,965 from \$47,202 to \$42,237. The decrease reflects a reversal of duplicate postings of deposits in transit and outstanding checks.

EASTERN TRAIL MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

NOTE 6 - SUBSEQUENT EVENTS

Eastern Trail Management District has considered transactions or events occurring through March 31, 2020, which was the date the financial statements were available to be issued and found no material events to be reported.