

Audited Financial Statements

Eastern Trail Management District

June 30, 2010



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EASTERN TRAIL MANAGEMENT DISTRICT

JUNE 30, 2010

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INDEPENDENT AUDITORS' REPORT

September 17, 2010

Board of Directors  
Eastern Trail Management District  
Saco, Maine

We have audited the financial statements of Eastern Trail Management District, as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Trail Management District, at June 30, 2010 and 2009 and the results of its changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*RHR Smith & Co.*

Certified Public Accountants

EASTERN TRAIL MANAGEMENT DISTRICT

STATEMENT OF FINANCIAL POSITION  
JUNE 30,

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 49,966	\$ 16,298
Accounts receivable	33,666	79,856
TOTAL ASSETS	<u>\$ 83,632</u>	<u>\$ 96,154</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 15,032	\$ 69,992
Deferred revenue	37,600	-
TOTAL LIABILITIES	<u>52,632</u>	<u>69,992</u>
NET ASSETS		
Unrestricted	<u>31,000</u>	<u>26,162</u>
TOTAL NET ASSETS	<u>31,000</u>	<u>26,162</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 83,632</u>	<u>\$ 96,154</u>

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

EASTERN TRAIL MANAGEMENT DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30,

	<u>2010</u>	<u>2009</u>
REVENUES		
Grants	\$ -	\$ 22
Project Reimbursements	265,536	625,090
Membership Fees	55,000	70,969
Interest Income	41	94
TOTAL REVENUES	<u>320,577</u>	<u>696,175</u>
EXPENSES		
Administration	9,851	6,490
Consultant Administration & Planning	-	8,360
Consultant Construction Management	114,822	452,325
Engineering	130,964	16,740
Audit	2,250	1,450
Bad debt	10,000	10,000
Insurance	502	352
Services	27,300	14,136
Trail Construction	20,050	206,306
Miscellaneous	-	4,522
TOTAL EXPENSES	<u>315,739</u>	<u>720,681</u>
INCREASE/DECREASE IN NET ASSETS	4,838	(24,506)
NET ASSETS - JULY 1	<u>26,162</u>	<u>50,668</u>
NET ASSETS - JUNE 30	<u>\$ 31,000</u>	<u>\$ 26,162</u>

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

EASTERN TRAIL MANAGEMENT DISTRICT

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30,

	<u>2010</u>	<u>2009</u>
OPERATING ACTIVITIES:		
Changes in net assets	\$ 4,838	\$ (24,506)
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	46,190	(77,149)
Increase (decrease) in accounts payable	(54,960)	47,446
Increase (decrease) in deferred revenue	37,600	(10,000)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>33,668</u>	<u>(64,209)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of equipment	-	-
NET CASH (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	-	-
NET CASH (USED) BY FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	33,668	(64,209)
CASH - JULY 1	16,298	80,507
CASH - JUNE 30	<u>\$ 49,966</u>	<u>\$ 16,298</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>

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

## EASTERN TRAIL MANAGEMENT DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

#### 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, for 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 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, 2010

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, 2010 and 2009.

NOTE 4 – INCOME TAXES

The Corporation is an organization 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, 2010. No income tax provisions have been made in the accompanying financial statements.



*Proven Expertise and Integrity*

February 19, 2010

Bob Hamblen  
Eastern Trails Management District  
P.O. Box 250  
Saco, ME 04072

Dear Bob:

Enclosed please find 5 bound copy and one unbound copy of the audited financial statements for Eastern Trail Management District for the year ended June 30, 2010.

If we can be of any further assistance to you or if you have any questions regarding these statements, please do not hesitate to call.

It has been a pleasure serving the Eastern Trail Management District.

Very Best,

A handwritten signature in black ink, appearing to be 'Ron H.R. Smith', written in a cursive style.

Ron H.R. Smith, C.P.A.

RHRS/jpb

Enclosures