



GUNNISON TRAILS, INC.

FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REPORT

December 31, 2018 and 2017

## CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION .....	2
STATEMENTS OF ACTIVITIES .....	3
STATEMENTS OF FUNCTIONAL EXPENSES .....	4
STATEMENTS OF CASH FLOWS .....	6
NOTES TO FINANCIAL STATEMENTS .....	7



## INDEPENDENT AUDITOR'S REPORT

April 2, 2019

Board of Directors  
Gunnison Trails, Inc.  
Gunnison, Colorado

We have audited the accompanying statements of financial position of Gunnison Trails, Inc. (a non-profit organization) as of December 31, 2018 and 2017, 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, whether 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 of material misstatement.

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 the 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 Gunnison Trails, Inc. as of December 31, 2018 and 2017, 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.

*Chadwick, Steinkirchner, Davis & Co., P.C.*

Gunnison Trails, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

		<u>2018</u>	<u>2017</u>
ASSETS			
Cash		\$ 210,420	\$ 192,980
Grant and other receivables		1,730	4,270
Prepaid expense		1,600	1,195
Inventory		<u>2,580</u>	<u>3,968</u>
	Total assets	<u>\$ 216,330</u>	<u>\$ 202,413</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable		\$ 1,100	\$ 389
Accrued payroll liabilities		3,545	2,716
Deferred revenue		<u>36,870</u>	<u>56,157</u>
	Total liabilities	41,515	59,262
Net assets			
Without donor restrictions		<u>174,815</u>	<u>143,151</u>
	Total net assets	<u>174,815</u>	<u>143,151</u>
	Total liabilities and net assets	<u>\$ 216,330</u>	<u>\$ 202,413</u>

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

Gunnison Trails, Inc.  
STATEMENTS OF ACTIVITIES  
Years ended December 31,

	2018	2017
	Without Donor Restrictions	Without Donor Restrictions
<b>SUPPORT AND REVENUE</b>		
Special events		
Revenue	\$ 95,301	\$ 93,430
Cost of direct benefits to donors	(36,795)	(34,729)
Net special events revenue	58,506	58,701
Contributions	49,337	36,707
Sponsorships and memberships	26,531	31,921
Merchandise sales	4,585	7,862
Grants	12,030	20,062
Total support and revenue	150,989	155,253
<b>EXPENSES</b>		
Program services	85,061	82,492
Supporting services		
Management and general	12,846	15,045
Fundraising	21,418	10,020
Total expenses	119,325	107,557
Change in net assets	31,664	47,696
Net assets, beginning of year	143,151	95,455
Net assets, end of year	\$ 174,815	\$ 143,151

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

Gunnison Trails, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31,

	2018			Total
	Supporting Services			
	Program Services	Management and General	Fundraising	
Salaries and benefits	\$ 53,138	\$ 4,084	\$ 16,525	\$ 73,747
Growler event	9,107	-	-	9,107
Supplies	5,886	3,355	1,696	10,937
Website	4,842	-	538	5,380
Advertising	811	-	90	901
Insurance	4,680	520	-	5,200
Donations to others	950	-	-	950
Merchandise cost of sales	-	-	2,569	2,569
Video and photography	-	-	-	-
Equipment	5,647	-	-	5,647
Professional fees	-	4,887	-	4,887
	<u>\$ 85,061</u>	<u>\$ 12,846</u>	<u>\$ 21,418</u>	<u>\$ 119,325</u>

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

2017			
Supporting Services			
Program Services	Management and General	Fundraising	Total
\$ 53,234	\$ 4,916	\$ 7,375	\$ 65,525
8,432	-	-	8,432
7,211	4,449	1,413	13,073
2,853	-	317	3,170
1,671	-	186	1,857
3,961	440	-	4,401
800	-	-	800
4,130	-	729	4,859
200	-	-	200
-	-	-	-
-	5,240	-	5,240
<u>\$ 82,492</u>	<u>\$ 15,045</u>	<u>\$ 10,020</u>	<u>\$ 107,557</u>

Gunnison Trails, Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2018	2017
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 31,664	\$ 47,696
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
(Increase) decrease in grants receivable	2,540	11,897
(Increase) decrease in inventory	1,388	(3,968)
(Increase) decrease in prepaid expenses	(405)	(1,175)
Increase (decrease) in accounts payable	711	(2,477)
Increase (decrease) in accrued liabilities	829	(4,216)
Increase (decrease) in deferred revenue	(19,287)	(1,497)
Net cash provided (used) by operating activities	<u>17,440</u>	<u>46,260</u>
Net increase (decrease) in cash	17,440	46,260
Cash, beginning of year	<u>192,980</u>	<u>146,720</u>
Cash, end of year	<u>\$ 210,420</u>	<u>\$ 192,980</u>

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



Gunnison Trails, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

---

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies for Gunnison Trails, Inc. (GT) is presented to assist in understanding GT's financial statements. The financial statements and notes are representations of GT's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles as promulgated by the AICPA Industry Audit and Accounting Guide, Not-for-Profit entities.

Purpose and Organization

GT was incorporated under the laws of the State of Colorado in 2006 and received 501(c)(3) status in December 2010. GT maintains and builds trails and provides information and education about trails and responsible trail use. GT is based in Gunnison, Colorado.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (US GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of GT and changes therein are classified and reported as follows:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the GT's management and the board of directors.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of GT or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. GT does not currently have any net assets with donor restrictions.

Cash

Cash consists of cash held in checking and online accounts. Management believes GT is not exposed to any significant credit risk on cash. For purposes of the statement of cash flows, GT considers all highly liquid investment securities, purchased with an original maturity of three months or less, to be cash equivalents, if any.

Inventory

Inventory consists of merchandise that is valued at the lower of cost or market on the first-in first-out method. GT purchases bike jerseys, shirts, and other logo merchandise for sale to Growler entrants and other supporters. Merchandise purchases and sales are recorded when payment is made and cash received.

Gunnison Trails, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

---

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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.

Growler

The Original Growler consists of several mountain bike races held at Hartman Rocks in Gunnison, Colorado during the Memorial Day weekend. In addition to providing significant resources that allow GT to pursue its mission, the Growler promotes trail use education and is a major economic activity to the Gunnison Valley. The amount presented on the statements of financial position as deferred revenue represents registration fees paid by participants in 2018 for the 2019 Growler and in 2017 for 2018.

Contributions, Sponsorships, and Memberships

Contributions, sponsorships, and memberships are recognized in the period received. All are available for unrestricted use unless specifically restricted by the donor.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Contributed property and equipment, if any, are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Income Tax Status

GT is organized as a not-for-profit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code on December 20, 2010.

Gunnison Trails, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

---

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

GT adopted the provisions of ASC 740-10-25 pertaining to accounting for uncertainty in income taxes. This pronouncement requires the use of more-likely-than-not recognition criteria before and separate from the measurement of a tax position. An entity shall initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Management has evaluated the adopted policies and procedures that have been implemented to provide assurance that income is properly characterized and activities that jeopardize its tax exempt status are within limits established under existing tax code and regulations.

Management has determined the effects of uncertain tax positions are not material to GT for recognition or disclosure in the accompanying financial statements, and accordingly, no income tax liability has been recorded for uncertain income tax positions in them.

All income tax years open for examination are subject to taxation at corporate tax rates. Additionally, penalties and interest may be assessed on income taxes that are delinquent. The assessment of uncertain income taxes is subject to estimate, and it is reasonably possible that the estimate may change in the near term and the change may be material.

Contributed Services

GT does not recognize in the financial statements any support or expense from services contributed by volunteers, as the value of these services is not susceptible to objective measurement or valuation. However, service hours contributed by volunteers may be assigned an appropriate dollar value dependent upon the types of service rendered, and that value would be provided to those grantors who accept the amounts as matching dollars for grant purposes.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Capital expenses and professional fees are allocated based on specific invoices while all other functional expenses are based on time and effort.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. GT has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Gunnison Trails, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

---

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

**NOTE B – SUBSEQUENT EVENTS**

Management has evaluated potential subsequent event disclosures through April 2, 2019 (date of availability of financial statements for issuance). There were no subsequent events identified that require disclosure.

**NOTE C – BOARD DESIGNATED NET ASSETS**

The board designated net assets are comprised of the following:

Without donor restrictions:

Designated by the board for:

Operations	\$	75,000
Signal Peak Project		25,000
Undesignated		<u>74,815</u>
Net assets	\$	<u>174,815</u>

**NOTE D – AVAILABILITY AND LIQUIDITY**

At December 31, 2018 GT had \$172,215 of cash available to meet requirements for general expenditures in 2019. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. GT has a goal to maintain cash at least equal to reserves. At December 31, 2018, the Board had established reserves of \$75,000 to meet 2019 operating expenses, excluding events and projects, and \$25,000 to meet expenses for the Signal Peak project.