

GUNNISON TRAILS, INC.  
FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REPORT

December 31, 2020 and 2019

# CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION .....	2
STATEMENTS OF ACTIVITIES.....	3
STATEMENTS OF FUNCTIONAL EXPENSES .....	5
STATEMENTS OF CASH FLOWS .....	7
NOTES TO FINANCIAL STATEMENTS .....	8

**INDEPENDENT AUDITOR'S REPORT**

April 30, 2021

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, 2020 and 2019, 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, 2020 and 2019, 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,

	2020	2019
<b>ASSETS</b>		
Cash	\$ 200,861	\$ 164,871
Investments	106,986	100,192
Grant and other receivables	6,878	12,993
Prepaid expense	2,233	86
Inventory	4,043	3,200
	<u>321,001</u>	<u>281,342</u>
Total assets	<u>\$ 321,001</u>	<u>\$ 281,342</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,744	\$ 1,023
Accrued payroll liabilities	9,669	4,050
Payment Protection Program loan	18,585	-
Deferred revenue	59,621	30,921
	<u>89,619</u>	<u>35,994</u>
Total liabilities	<u>89,619</u>	<u>35,994</u>
<b>Net assets</b>		
With donor restrictions	12,540	30,746
Without donor restrictions	218,842	214,602
	<u>231,382</u>	<u>245,348</u>
Total net assets	<u>231,382</u>	<u>245,348</u>
Total liabilities and net assets	<u>\$ 321,001</u>	<u>\$ 281,342</u>

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

Gunnison Trails, Inc.

STATEMENTS OF ACTIVITIES

Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Special events			
Revenue	\$ 33,855	\$ -	\$ 33,855
Cost of direct benefits to donors	(4,915)	-	(4,915)
Net special events revenue	28,940	-	28,940
Contributions	36,841	-	36,841
Sponsorships and memberships	28,363	-	28,363
Merchandise sales	2,526	-	2,526
Interest	3,161	-	3,161
Grants	84,047	34,070	118,117
Net assets released from restrictions			
Restrictions satisfied Signal Peak	52,276	(52,276)	-
Total support and revenue	183,878	(18,206)	165,672
<b>EXPENSES</b>			
Program services	139,673	-	139,673
Supporting services			
Management and general	16,832	-	16,832
Fundraising	23,133	-	23,133
Total expenses	179,638	-	179,638
Change in net assets	4,240	(18,206)	(13,966)
Net assets, beginning of year	214,602	30,746	245,348
Net assets, end of year	\$ 218,842	\$ 12,540	\$ 231,382

The accompanying notes are integral part of these financial statements.

Gunnison Trails, Inc.

STATEMENTS OF ACTIVITIES

Year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Special events			
Revenue	\$ 87,894	\$ -	\$ 87,894
Cost of direct benefits to donors	(37,929)	-	(37,929)
Net special events revenue	49,965	-	49,965
Contributions	51,503	-	51,503
Sponsorships and memberships	27,482	-	27,482
Merchandise sales	5,790	-	5,790
Interest	1,389	-	1,389
Grants	46,477	30,746	77,223
Net assets released from restrictions			
Restrictions satisfied Signal Peak	-	-	-
Total support and revenue	<u>182,606</u>	<u>30,746</u>	<u>213,352</u>
<b>EXPENSES</b>			
Program services	95,987	-	95,987
Supporting services			
Management and general	14,007	-	14,007
Fundraising	32,825	-	32,825
Total expenses	<u>142,819</u>	<u>-</u>	<u>142,819</u>
Change in net assets	39,787	30,746	70,533
Net assets, beginning of year	<u>174,815</u>	<u>-</u>	<u>174,815</u>
Net assets, end of year	<u>\$ 214,602</u>	<u>\$ 30,746</u>	<u>\$ 245,348</u>

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

Gunnison Trails, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and benefits	\$ 98,598	\$ 4,500	\$ 17,633	\$ 120,731
Growler event	-	-	1,732	1,732
Supplies	29,241	5,699	936	35,876
Website	3,152	-	350	3,502
Advertising	860	-	96	956
Insurance	4,322	480	-	4,802
Donations to others	-	-	-	-
Merchandise cost of sales	-	-	2,386	2,386
Equipment	3,500	-	-	3,500
Contracted services	-	-	-	-
Professional fees	-	6,153	-	6,153
	<u>\$ 139,673</u>	<u>\$ 16,832</u>	<u>\$ 23,133</u>	<u>\$ 179,638</u>

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

Gunnison Trails, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2019

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and benefits	\$ 67,101	\$ 4,521	\$ 17,986	\$ 89,608
Growler event	-	-	7,425	7,425
Supplies	10,002	3,640	1,713	15,355
Website	2,938	-	326	3,264
Advertising	572	-	64	636
Insurance	5,249	583	-	5,832
Donations to others	700	-	-	700
Merchandise cost of sales	-	-	5,311	5,311
Equipment	-	-	-	-
Contracted services	9,250	-	-	9,250
Professional fees	175	5,263	-	5,438
	<u>\$ 95,987</u>	<u>\$ 14,007</u>	<u>\$ 32,825</u>	<u>\$ 142,819</u>

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



Gunnison Trails, Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2020	2019
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (13,966)	\$ 70,533
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
(Increase) decrease in grants receivable	6,115	(11,263)
(Increase) decrease in inventory	(843)	(620)
(Increase) decrease in prepaid expenses	(2,147)	1,514
Increase (decrease) in accounts payable	721	(77)
Increase (decrease) in accrued liabilities	5,619	505
Increase (decrease) in deferred revenue	28,700	(5,949)
Net cash provided (used) by operating activities	<u>24,199</u>	<u>54,643</u>
Cash flows from investing activities		
Purchase of investments	<u>(6,794)</u>	<u>(100,192)</u>
Net cash provided (used) by investing activities	<u>(6,794)</u>	<u>(100,192)</u>
Cash flows from financing activities		
Paycheck Protection Program loan proceeds	<u>18,585</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>18,585</u>	<u>-</u>
Net increase (decrease) in cash	35,990	(45,549)
Cash, beginning of year	<u>164,871</u>	<u>210,420</u>
Cash, end of year	<u>\$ 200,861</u>	<u>\$ 164,871</u>

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

Gunnison Trails, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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**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.

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, 2020 and 2019

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**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 2020 for the 2021 Growler and in 2019 for 2020. The 2020 Growler was cancelled due to pandemic restrictions.

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, 2020 and 2019

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**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.

Reclassifications

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

Gunnison Trails, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

**NOTE B – BOARD DESIGNATED NET ASSETS**

The board designated net assets are comprised of the following:

Without donor restrictions:	<u>2020</u>	<u>2019</u>
Designated by the board for:		
Operations	\$ 100,000	75,000
Signal Peak Project	25,000	25,000
Undesignated	<u>93,842</u>	<u>112,602</u>
Net assets	<u>\$ 218,842</u>	<u>\$ 212,602</u>

**NOTE C – AVAILABILITY AND LIQUIDITY**

At December 31, 2020 GT had \$307,847 of cash and investments available to meet requirements for general expenditures in 2021. \$12,540 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, 2020, the Board had established reserves of \$100,000 to meet 2021 operating expenses, excluding events and projects, and \$25,000 to meet expenses for the Signal Peak project.

**NOTE D – COVID-19 PANDEMIC**

On April 16, 2020, GT, was granted a loan from The Gunnison Bank and Trust Company in the aggregate amount of \$18,585, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The form of a loan dated April 9, 2020 issued by the Borrower, matures on April 16, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on November 8, 2020. The loan may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, covered mortgage interest, covered rent, and covered utility payments. Seventy-five percent of the loan proceeds must be used for payroll costs. Unauthorized uses will not be forgiven and may subject GT to additional liabilities. GT intends to use the entire Loan amount for qualifying expenses. As of April 22, 2021 the loan and related interest was forgiven and the loan will be extinguished and a gain on extinguishment will be recognized in 2021.

**NOTE E – SUBSEQUENT EVENTS**

Management has evaluated potential subsequent event disclosures through April 30, 2021 (date of availability of financial statements for issuance). GT secured a second Payment Protection Program Loan on February 9, 2021 in the amount of \$21,953 with monthly only interest payments at a rate of 1% first due after 16 months, and a maturity date of February 9, 2023. The loan may be forgiven through the CARES Act.