

***PARKS & TRAILS NEW YORK, INC.***

***FINANCIAL STATEMENTS***

***JUNE 30, 2014 AND 2013***

# BATTAGLIA & ASSOCIATES

Certified Public Accountants PLLC

1 VOSBURGH ROAD

MECHANICVILLE, NY 12118

PHONE (518) 664-7063  
FAX (518) 541-3083

MEMBERS OF:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
AND  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Parks & Trails New York, Inc.  
Albany, New York 12207

We have audited the accompanying financial statements of Parks & Trails New York, Inc. (the "Organization") a nonprofit organization which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, cash flows and functional and other expenses 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 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 audits 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 Parks & Trails New York, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Battaglia & Associates, CPA's PLLC*

**BATTAGLIA & ASSOCIATES CPA'S PLLC**

Mechanicville, New York  
December 2, 2014

**PARKS & TRAILS NEW YORK, INC.**

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**JUNE 30, 2014 AND 2013**

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**PARKS & TRAILS NEW YORK, INC.**

*STATEMENTS OF FINANCIAL POSITION*

*JUNE 30, 2014 AND 2013*

| <u>Assets</u>                  | <u>2014</u>         | <u>2013</u>         |
|--------------------------------|---------------------|---------------------|
| Current Assets                 |                     |                     |
| Cash and Cash Equivalents      | \$ 914,062          | \$ 863,084          |
| Restricted Cash                | 7,379               | 6,240               |
| Grants and Pledges Receivable  | 93,197              | 96,754              |
| Prepaid Expenses               | <u>81,507</u>       | <u>99,922</u>       |
| Total Current Assets           | <u>1,096,145</u>    | <u>1,066,000</u>    |
| Property and Equipment         |                     |                     |
| Furniture and Equipment        | 99,500              | 94,904              |
| Less: Accumulated Depreciation | <u>88,208</u>       | <u>84,515</u>       |
| Property and Equipment, Net    | <u>11,292</u>       | <u>10,389</u>       |
| Total Assets                   | <u>\$ 1,107,437</u> | <u>\$ 1,076,389</u> |

**Liabilities and Net Assets**

|                                  |                     |                     |
|----------------------------------|---------------------|---------------------|
| Current Liabilities              |                     |                     |
| Accounts Payable                 | \$ 7,226            | \$ 8,996            |
| Accrued Expenses                 | 4,750               | 1,976               |
| Fiduciary Funds                  | 7,379               | 6,240               |
| Compensated Absences             | 13,067              | 10,486              |
| Deferred Revenue                 | <u>27,875</u>       | <u>30,790</u>       |
| Total Current Liabilities        | <u>60,297</u>       | <u>58,488</u>       |
| Net Assets                       |                     |                     |
| Operating                        | 644,960             | 618,902             |
| Board Designated                 | <u>-</u>            | <u>1,800</u>        |
| Total Unrestricted Net Assets    | 644,960             | 620,702             |
| Temporarily Restricted           | <u>402,180</u>      | <u>397,199</u>      |
| Total Net Assets                 | <u>1,047,140</u>    | <u>1,017,901</u>    |
| Total Liabilities and Net Assets | <u>\$ 1,107,437</u> | <u>\$ 1,076,389</u> |

**PARKS & TRAILS NEW YORK, INC.**

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|--|---------------------|-----------------------------------|---------------------|
| <b>Support, Revenue and Reclassifications</b>    |                     |                                   |                     |
| Membership Dues                                  | \$ 57,400           | \$ -                              | \$ 57,400           |
| Individual Contributions                         | 192,424             | -                                 | 192,424             |
| Grants   | 328,833             | -                                 | 328,833             |
| Fund Raising                                     | 53,125              | -                                 | 53,125              |
| Program Revenue                                  | 117,495             | 343,302                           | 460,797             |
| Foundation/Corporate Contributions               | 93,327              | 58,878                            | 152,205             |
| Interest   | 2,409               | -                                 | 2,409               |
| Net Assets Released from Restrictions            | <u>397,199</u>      | <u>(397,199)</u>                  | <u>-</u>            |
| Total Support, Revenue and<br>Reclassifications  | <u>1,242,212</u>    | <u>4,981</u>                      | <u>1,247,193</u>    |
| <b>Expenses</b>                                  |                     |                                   |                     |
| <b>Program Services</b>                          |                     |                                   |                     |
| Conservation, Technical Assistance<br>& Advocacy | 781,960             | -                                 | 781,960             |
| Public Education                                 | 137,683             | -                                 | 137,683             |
| Membership                                       | <u>126,209</u>      | <u>-</u>                          | <u>126,209</u>      |
| Total Program Services                           | <u>1,045,852</u>    | <u>-</u>                          | <u>1,045,852</u>    |
| <b>Supporting Services</b>                       |                     |                                   |                     |
| Management and General                           | 80,313              | -                                 | 80,313              |
| Fund Raising                                     | <u>91,789</u>       | <u>-</u>                          | <u>91,789</u>       |
| Total Supporting Services                        | <u>172,102</u>      | <u>-</u>                          | <u>172,102</u>      |
| Total Expenses                                   | <u>1,217,954</u>    | <u>-</u>                          | <u>1,217,954</u>    |
| Increase in Net Assets                           | 24,258              | 4,981                             | 29,239              |
| Net Assets, Beginning of Year                    | <u>620,702</u>      | <u>397,199</u>                    | <u>1,017,901</u>    |
| Net Assets, End of Year                          | <u>\$ 644,960</u>   | <u>\$ 402,180</u>                 | <u>\$ 1,047,140</u> |

**PARKS & TRAILS NEW YORK, INC.**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|---|---------------------|-----------------------------------|---------------------|
| <b>Support, Revenue and Reclassifications</b>           |                     |                                   |                     |
| Membership Dues   | \$ 53,430           | \$ -                              | \$ 53,430           |
| Individual Contributions                                | 155,187             | -                                 | 155,187             |
| Grants  | 645,740             | -                                 | 645,740             |
| Fund Raising  | 67,069              | -                                 | 67,069              |
| Program Revenue   | 157,521             | 361,449                           | 518,970             |
| Foundation/Corporate Contributions                      | 80,888              | 35,750                            | 116,638             |
| Interest  | 1,921               | -                                 | 1,921               |
| Net Assets Released from Restrictions                   | <u>312,122</u>      | <u>(312,122)</u>                  | <u>-</u>            |
| <b>Total Support, Revenue and<br/>Reclassifications</b> | <u>1,473,878</u>    | <u>85,077</u>                     | <u>1,558,955</u>    |
| <b>Expenses</b>   |                     |                                   |                     |
| <b>Program Services</b>                                 |                     |                                   |                     |
| Conservation, Technical Assistance<br>& Advocacy        | 945,907             | -                                 | 945,907             |
| Public Education  | 206,900             | -                                 | 206,900             |
| Membership  | <u>96,553</u>       | <u>-</u>                          | <u>96,533</u>       |
| <b>Total Program Services</b>                           | <u>1,249,360</u>    | <u>-</u>                          | <u>1,249,360</u>    |
| <b>Supporting Services</b>                              |                     |                                   |                     |
| Management and General                                  | 124,140             | -                                 | 124,140             |
| Fund Raising  | <u>82,760</u>       | <u>-</u>                          | <u>82,760</u>       |
| <b>Total Supporting Services</b>                        | <u>206,900</u>      | <u>-</u>                          | <u>206,900</u>      |
| <b>Total Expenses</b>                                   | <u>1,456,260</u>    | <u>-</u>                          | <u>1,456,260</u>    |
| <b>Increase in Net Assets</b>                           | 17,618              | 85,077                            | 102,695             |
| <b>Net Assets, Beginning of Year, as restated</b>       | <u>603,084</u>      | <u>312,122</u>                    | <u>915,206</u>      |
| <b>Net Assets, End of Year</b>                          | <u>\$ 620,702</u>   | <u>\$ 397,199</u>                 | <u>\$ 1,017,901</u> |

**PARKS & TRAILS NEW YORK, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

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|  | <u>2014</u>       | <u>2013</u>       |
|--|-------------------|-------------------|
| Cash Flows From Operating Activities   |                   |                   |
| Increase in Net Assets   | \$ 29,239         | \$ 102,695        |
| Adjustments to Reconcile Increase in Net Assets<br>to Net Cash Provided by Operating Activities: |                   |                   |
| Depreciation   | 3,693             | 3,740             |
| (Increase) Decrease in Assets  |                   |                   |
| Grants and Accounts Receivable   | 3,557             | 107,310           |
| Prepaid Expenses   | 18,415            | (25,914)          |
| Increase (Decrease) in Liabilities   |                   |                   |
| Accounts Payable   | (1,770)           | (15,008)          |
| Accrued Expenses   | 2,774             | (934)             |
| Compensated Absences   | 2,581             | (18,380)          |
| Deferred Revenue   | <u>(2,915)</u>    | <u>1,818</u>      |
| Net Cash Provided By Operating Activities  | 55,574            | 155,327           |
| Cash Flows Used In Investing Activities  |                   |                   |
| Purchase of Property and Equipment   | <u>(4,596)</u>    | <u>(2,162)</u>    |
| Increase in Cash   | 50,978            | 153,165           |
| Cash and Cash Equivalents, Beginning of Year   | <u>863,084</u>    | <u>709,919</u>    |
| Cash and Cash Equivalents, End of Year   | <u>\$ 914,062</u> | <u>\$ 863,084</u> |



**PARKS & TRAILS NEW YORK, INC.**

*STATEMENT OF FUNCTIONAL EXPENSES*

*FOR THE YEAR ENDED JUNE 30, 2014*

|                                   | <u>Program Services</u>   |                             |                   | <u>Supporting Services</u>            |                                   |                         |  |                           |
|-----------------------------------|---|-----------------------------|-------------------|---------------------------------------|-----------------------------------|-------------------------|--|---------------------------|
|                                   | <u>Conservation<br/>Technical<br/>Assistance<br/>and Advocacy</u> | <u>Public<br/>Education</u> | <u>Membership</u> | <u>Total<br/>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fund<br/>Raising</u> | <u>Total<br/>Supporting<br/>Services</u> | <u>Total<br/>Expenses</u> |
| Subrecipient Awards               | \$ 70,599   | \$ -                        | \$ -              | \$ 70,599                             | \$ -                              | \$ -                    | \$ -                                     | \$ 70,599                 |
| Salaries, Taxes and<br>Benefits   | 362,217   | 70,107                      | 64,264            | 496,588                               | 40,895                            | 46,738                  | 87,633                                   | 584,221                   |
| Special Events                    | 195,632   | 37,864                      | 34,709            | 268,205                               | 22,087                            | 25,243                  | 47,330                                   | 315,535                   |
| Professional, Outside<br>Services | 29,330  | 5,677                       | 5,204             | 40,211                                | 3,311                             | 3,784                   | 7,095                                    | 47,306                    |
| Occupancy Expense                 | 13,542  | 2,621                       | 2,403             | 18,566                                | 1,529                             | 1,747                   | 3,276                                    | 21,842                    |
| Printing                          | 17,832  | 3,451                       | 3,164             | 24,447                                | 2,013                             | 2,302                   | 4,315                                    | 28,762                    |
| Travel                            | 11,251  | 2,178                       | 1,996             | 15,425                                | 1,270                             | 1,452                   | 2,722                                    | 18,147                    |
| Telephone                         | 3,181   | 616                         | 564               | 4,361                                 | 359                               | 410                     | 769                                      | 5,130                     |
| Postage                           | 30,433  | 5,890                       | 5,399             | 41,722                                | 3,436                             | 3,928                   | 7,364                                    | 49,086                    |
| Depreciation                      | 2,290   | 443                         | 406               | 3,139                                 | 259                               | 295                     | 554                                      | 3,693                     |
| Repairs and Maintenance           | 1,923   | 372                         | 341               | 2,636                                 | 217                               | 248                     | 465                                      | 3,101                     |
| Office/Supply Expense             | 43,730  | 8,464                       | 7,759             | 59,953                                | 4,937                             | 5,642                   | 10,579                                   | 70,532                    |
|                                   | <u>\$ 781,960</u>   | <u>\$ 137,683</u>           | <u>\$ 126,209</u> | <u>\$ 1,045,852</u>                   | <u>\$ 80,313</u>                  | <u>\$ 91,789</u>        | <u>\$ 172,102</u>                        | <u>\$ 1,217,954</u>       |

**PARKS & TRAILS NEW YORK, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2013

|                                   | <u>Program Services</u>   |                             |                   | <u>Supporting Services</u>            |                                   |                         |  |                           |
|-----------------------------------|---|-----------------------------|-------------------|---------------------------------------|-----------------------------------|-------------------------|--|---------------------------|
|                                   | <u>Conservation<br/>Technical<br/>Assistance<br/>and Advocacy</u> | <u>Public<br/>Education</u> | <u>Membership</u> | <u>Total<br/>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fund<br/>Raising</u> | <u>Total<br/>Supporting<br/>Services</u> | <u>Total<br/>Expenses</u> |
| Subrecipient Awards               | \$ 76,931   | \$ -                        | \$ -              | \$ 76,931                             | \$ -                              | \$ -                    | \$ -                                     | \$ 76,931                 |
| Salaries, Taxes and<br>Benefits   | 564,020   | 134,291                     | 62,669            | 760,980                               | 80,574                            | 53,716                  | 134,290                                  | 895,270                   |
| Special Events                    | 183,094   | 43,594                      | 20,344            | 247,032                               | 26,156                            | 17,437                  | 43,593                                   | 290,625                   |
| Professional, Outside<br>Services | 14,024  | 3,339                       | 1,558             | 18,921                                | 2,003                             | 1,336                   | 3,339                                    | 22,260                    |
| Occupancy Expense                 | 15,055  | 3,585                       | 1,673             | 20,313                                | 2,151                             | 1,434                   | 3,585                                    | 23,897                    |
| Printing                          | 20,203  | 4,810                       | 2,245             | 27,258                                | 2,886                             | 1,925                   | 4,811                                    | 32,069                    |
| Travel                            | 17,076  | 4,066                       | 1,897             | 23,039                                | 2,440                             | 1,626                   | 4,066                                    | 27,106                    |
| Telephone                         | 3,091   | 736                         | 343               | 4,170                                 | 442                               | 294                     | 736                                      | 4,906                     |
| Postage                           | 20,222  | 4,815                       | 2,247             | 27,284                                | 2,889                             | 1,926                   | 4,815                                    | 32,099                    |
| Depreciation                      | 2,356   | 561                         | 262               | 3,179                                 | 337                               | 224                     | 561                                      | 3,740                     |
| Repairs and Maintenance           | 1,185   | 282                         | 132               | 1,599                                 | 169                               | 113                     | 282                                      | 1,881                     |
| Office/Supply Expense             | <u>28,650</u>   | <u>6,821</u>                | <u>3,183</u>      | <u>38,654</u>                         | <u>4,093</u>                      | <u>2,729</u>            | <u>6,822</u>                             | <u>45,476</u>             |
|                                   | <u>\$ 945,907</u>   | <u>\$ 206,900</u>           | <u>\$ 96,553</u>  | <u>\$ 1,249,360</u>                   | <u>\$ 124,140</u>                 | <u>\$ 82,760</u>        | <u>\$ 206,900</u>                        | <u>\$ 1,456,260</u>       |

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

*Organization and Purpose*

Parks & Trails New York, Inc. (“the Organization”), is a statewide non-profit corporation whose mission is to expand, protect, and promote a network of parks, trails, and open spaces throughout the state for use and enjoyment by all.

*Significant Accounting Policies*

*Reporting*

The financial statements of the Organization follow the recommendations of Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit Organizations.” Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets, based on the existence of any externally (donor) imposed restrictions.

The net assets of the Organization are classified and reported as follows:

- Unrestricted net assets - Net assets not subject to donor or grantor imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor or grantor stipulations that may or will be met by actions of the Organization and/or the passage of time.

There are no permanently restricted net assets as of June 30, 2014 and 2013.

*Contributions*

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

*Cash Equivalents*

The Organization considers highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash equivalents consist of money market mutual funds.

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Accounts Receivable*

The Organization utilizes the allowance method to determine the allowance for doubtful accounts. At June 30, 2014 and 2013 management determined no allowance was necessary based upon their review of the specific receivables and prior history.

*Property and Equipment*

Property and equipment are recorded at acquisition cost and depreciated on a straight line basis over their estimated useful lives, ranging from five to seven years.

*Estimates*

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

*Contributed Services and Goods*

No amounts have been reflected in the financial statements for donated services. The Organization pays for services requiring specific expertise; however many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific program areas, campaign solicitations and fund raising events. The Organization estimates that it receives approximately 6,500 volunteer hours per year.

*Fair Value Measurement - Definition and Hierarchy*

In 2008, the Organization adopted the provisions of FASB ASC 820-10, (formerly SFAS No. 157), *Fair Value Measurements*. FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Organization uses various valuation techniques in determining fair value. FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

**5. FUNCTIONAL ALLOCATION OF EXPENSES**

The cost of providing programs and supporting services has been summarized on a functional basis in the statement of activities for the years ended June 30, 2014 and 2013. Accordingly, certain costs have been allocated among the programs and supporting services benefitted from these expenditures, based on an employee time study updated annually.

**6. LEASE COMMITMENTS**

The Organization leases office space under an operating lease through August, 2015. Current lease terms include monthly lease payments of \$1,440 plus escalation clauses for operating expenses and utilities.

Future minimum annual obligations under the office lease are as follows:

**Year Ended June 30:**

|      |           |
|------|-----------|
| 2015 | \$ 17,280 |
| 2016 | \$ 2,880  |

**7. INCOME TAX STATUS**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been designated as a publicly supported organization which is not a private foundation under Code Section 509(a).

**8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets primarily relate to participant revenue received from the annual bike tours held shortly after the end of the Organization's fiscal year ended June 30, 2014 and 2013. When the event is completed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

**9. RESTRICTED CASH**

The Organization acts as an administrative support agency for certain charities with similar purposes. The cash held in trust for these entities is shown as restricted cash with an offsetting liability on the Statement of Financial Position. Restricted cash balances at June 30, 2014 and 2013 were \$7,379 and \$6,240, respectively.

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Reclassifications*

Certain reclassifications have been made to the 2013 financial statements to conform to the current year presentation.

*Subsequent Events*

Management has evaluated subsequent events or transactions occurring through December 2, 2014, the date the financial statements were available to be issued. No such events or transactions were identified.

**2. CONCENTRATION OF CREDIT RISK**

The Organization's cash deposits exceeded the Federal Deposit Insurance Corporation limits at various times during the fiscal year ended June 30, 2014 and 2013. The Organization believes it is not exposed to any significant credit risk on its cash balances.

**3. PENSION PLAN**

The Organization has a Single Employer, 403(B) Pension Plan covering all eligible employees. The plan is a non-contributory money purchase plan that requires the Association to make contributions equal to 5% of each participant's annual compensation. Pension expense for the years ended June 30, 2014 and 2013 was \$15,517 and \$28,860, respectively.

**4. PREPAID EXPENSES**

Prepaid expenses consist primarily of expenses that relate to two annual bike tours which take place shortly after the Organization's fiscal year-end.

Prepaid expenses consist of the following at June 30:

|                         | <u>2014</u>      | <u>2013</u>      |
|-------------------------|------------------|------------------|
| Bike Tours              |                  |                  |
| Consultants             | \$ 15,210        | \$ 15,495        |
| Printing Expense        | 1,209            | 2,330            |
| Postage Expense         | 5,275            | 9,421            |
| Travel                  | 4,276            | 2,918            |
| Publications and Dues   | -                | 450              |
| Cyclist Direct Expenses | 55,537           | 63,970           |
| Credit Card Overpayment | -                | 5,338            |
| Total                   | <u>\$ 81,507</u> | <u>\$ 99,922</u> |

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Fair Value Measurement - Definition and Hierarchy (Continued)*

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

The Organization's money market accounts and certificate of deposit are primarily valued utilizing Level 1 inputs.

- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

The Organization currently has no assets that are measured using Level 2 inputs.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization currently has no assets that are measured using Level 3 inputs.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

*Accounting for Uncertainty in Income Taxes*

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109, Accounting for Income Taxes ("FIN 48")*. FIN 48, now referred to as FASB ASC 740-10, requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. The Organization implemented this policy in 2008 and its current accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. The Organization has not recognized any benefits from uncertain tax positions in 2014 or 2013 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the balance sheet date of June 30, 2014. Generally, federal, state and local authorities may examine the Organization's tax returns for three years from the date of filing; consequently, income tax returns for years prior to 2011 are no longer subject to examination by tax authorities.

**10. ACCRUED COMPENSATION ABSENCES**

ASC 710 - Compensation, requires that, under certain circumstances, compensated absences be accrued in the period of the employee's service to the employer. Vacation for the Organization's employees does vest under certain circumstances and, accordingly, the following amounts have been provided for in the compensated absences line item in these financial statements for the years ended June 30:

|          | <u>2014</u>      | <u>2013</u>      |
|----------|------------------|------------------|
| Vacation | <u>\$ 13,067</u> | <u>\$ 10,486</u> |

**11. CONTINGENCIES**

Substantially all grant contractual agreements are subject to financial and compliance audits by the contractor. Disallowances, if any, as a result of these audits may be liabilities of the Organization. Management believes that no material Disallowance will result from audits by the contractor.

**12. RESTATEMENT**

The Organization's June 30, 2012 net assets have been restated as follows:

|  | <u>Unrestricted<br/>Net Assets</u> | <u>Temporarily<br/>Restricted<br/>Net Assets</u> | <u>Total<br/>Net Assets</u> |
|--|------------------------------------|--|-----------------------------|
| Net assets, as previously reported<br>at June 30, 2012 | \$ 632,056                         | \$ 312,122                                       | \$ 944,178                  |
| Deferred income  | <u>(28,972)</u>                    | <u>-</u>   | <u>-</u>                    |
| Net assets, as restated at<br>June 30, 2012            | <u>\$ 603,084</u>                  | <u>\$ 312,122</u>                                | <u>\$ 944,178</u>           |

The Organization restated its net assets at June 30, 2012 to reflect adjustments to properly reflect membership dues revenue on the accrual basis.

Deferred Revenue of \$30,790 was added to the Statement of Financial Position at June 30, 2013. The cumulative net effect of these changes in deferred revenue is a decrease in net assets of \$1,818 from the net assets previously reported at June 30, 2013.