SAND CREEK REGIONAL GREENWAY PARTNERSHIP, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2012

Crady, Puca & Associates

Certified Public Accountants & Consultants

SAND CREEK REGIONAL GREENWAY PARTNERSHIP, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Sand Creek Regional Greenway Partnership, Inc.

We have audited the accompanying financial statements of Sand Creek Regional Greenway Partnership, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's 2011 financial statements and, in our report dated June 7, 2012, we expressed an unqualified opinion on those 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 Sand Creek Regional Greenway Partnership, Inc. as of December 31, 2012, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Crady, Puca & Associates
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June 6, 2013

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SAND CREEK REGIONAL GREENWAY PARTNERSHIP, INC.
Statement of Financial Position
As of December 31, 2012
(With Summarized Financial Information as of December 31, 2011)

	2012	2011
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 169,779	$ 324,938
Contributions receivable	25,000	3,500
Government grants receivable	306,305	-
Other receivable	60,711	637
Other assets	533	533
Cash held on behalf of others	994	4,518
Total current assets	563,322	334,126
Non-current Assets:		
Website development	975	-
Furniture and equipment	4,410	4,410
Less: accumulated depreciation	(2,474)	(1,711)
Net property and equipment	2,911	2,699
Total assets	$ 566,233	$ 336,825
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 135,808	$ 3,026
Accrued vacation and benefits	9,363	3,196
Amounts held on behalf of others	994	4,518
Total current liabilities	146,165	10,740
Net assets:		
Unrestricted	185,323	183,733
Temporarily restricted	234,745	142,352
Total net assets	420,068	326,085
Total liabilities and net assets	$ 566,233	$ 336,825

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

SAND CREEK REGIONAL GREENWAY PARTNERSHIP, INC.
Statement of Activities
For the Year Ended December 31, 2012
(With Summarized Financial Information For the Year Ended December 31, 2011)

	Unrestricted	Temporarily Restricted	2012 Total	2011 Total
Support and Revenue:				
Government grants and contracts	$ 379,881	$ -	$ 379,881	$ -
Less: amounts raised for NGC	(200,000)	-	(200,000)	-
Total government grants and contracts	179,881	-	179,881	-
Contributions	125,723	134,775	260,498	149,943
Partner city grants	55,000	25,000	80,000	80,000
In-kind	5,488	-	5,488	23,842
Other	13,602	-	13,602	8,815
Miscellaneous income	351	-	351	235
Net assets released from restrictions:				
Satisfaction of program restrictions	67,382	(67,382)	-	-
Total public support and support and revenue	447,427	92,393	539,820	262,835
Expenses:				
Program services -				
Trail construction and planning	281,714	-	281,714	149,161
Education, outreach and volunteers	81,359	-	81,359	-
Total program services	363,073	-	363,073	149,161
Supporting services -				
Fundraising	15,624	-	15,624	14,893
Management and general	67,140	-	67,140	53,829
Total supporting services	82,764	-	82,764	68,722
Total Expenses	445,837	-	445,837	217,883
Change in net assets	1,590	92,393	93,983	44,952
Net assets, beginning of year	183,733	142,352	326,085	281,133
Net assets, end of year	$ 185,323	$ 234,745	$ 420,068	$ 326,085

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

SAND CREEK REGIONAL GREENWAY PARTNERSHIP, INC.
Statement of Cash Flows
For the Year Ended December 31, 2012
(With Summarized Financial Information For the Year Ended December 31, 2011)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 93,983	$ 44,952
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	763	657
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(387,879)	20,863
Increase in accounts payable	132,782	1,318
Increase in accrued liabilities	6,167	906
Net cash provided by (used in) operating activities	(154,184)	68,696
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(975)	(1,248)
Net cash (used in) investing activities	(975)	(1,248)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(155,159)	67,448
Cash and cash equivalents - beginning of year	324,938	257,490
Cash and cash equivalents - end of the year	$ 169,779	$ 324,938

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

1. Summary of Significant Accounting Policies

Nature of the Organization

Sand Creek Regional Greenway Partnership, Inc. (the Organization), a Colorado non-profit organization, was incorporated on April 12, 1999. The purpose of the Organization is to support the funding, development and management of a regional greenway in the Sand Creek corridor. This includes overall project coordination, community outreach, raising and receiving contributions, coordination and review of the design and construction of features such as landscaping, bike, pedestrian and equestrian use trails and associated amenities, park improvements, development of interpretative, educational and other programs, and other duties necessary to support the creation and operation of a successful urban region. The majority of the Organization's income is derived from contributions and grants.

The Organization's year-to-year budget has large fluctuations based on the income derived from grants and the construction schedules for the greenway. Money raised in prior years is saved until construction begins. It is anticipated that this pattern of raising grant money in one year and expending it for major projects in subsequent years will continue.

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with the financial reporting requirements of *"Financial Statements of Not-for-Profit Organizations."* This reporting standard requires classification of net assets and revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets be displayed in the statement of activities as follows:

> Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.
>
> Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that either expire by passage of time or the accomplishment of the intended purpose.
>
> Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that are to be maintained in perpetuity.

As of December 31, 2012, the Organization had no permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

1. Summary of Significant Accounting Policies (continued)

Contributions Receivable

Unconditional contributions receivable are recognized as revenue in the period the pledge is received. Unconditional contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met.

Government Receivables

Revenue from government grants and contracts is deemed to be earned when the Organization incurs costs or other expenditures which satisfy the terms imposed by the respective grant contracts. For costs incurred in excess of funds received from sources, revenue and related receivables are recognized to the extent of such costs. Funds received from government sources in excess of costs incurred are reported as deferred revenue.

Allowance for Doubtful Accounts

The Organization uses the allowance method to record uncollectible accounts. The allowance is based on past experience and on specific analysis of the collectability of individual receivables. Management believes all receivable balances are collectible; therefore, no allowance for doubtful accounts is recorded.

Capitalization and Depreciation

Furniture and equipment are stated at cost, or fair value if contributed. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of $500. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives of assets are 3-5 years.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Amounts Held on Behalf of Others

The Organization entered into an agreement with an inter-jurisdictional partnership the Northeast Greenway Corridor ("NGC") to act as the NGC's facilitator/administrator. The Organization will assist the NGC by collecting, depositing and disbursing funds on its behalf. As of December 31, 2012, the amount held on behalf of the NGC amounted to $994. In addition, the Organization advanced funds to the NGC. As of December 31, 2012, the receivable related to these advances amounted to $59,171 and is included in other receivables. The Organization also invoices other entities for outstanding NGC grants. As of December 31, 2012, the Organization has recorded a receivable related revenue, accounts payable, and related amount remitted to NGC of $75,000 related to this activity.

1. <u>Summary of Significant Accounting Policies</u> (continued)

Contributions and Support

The Organization accounts for contributions in accordance with, *"Accounting for Contributions Received and Contributions Made"*. In accordance with this standard, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is recorded 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.

The Organization follows the *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others standards*. In accordance with those standards, if the Organization accepts contributions and agrees to transfer the contributions to a specified unaffiliated entity and the donor does not explicitly grant the Organization variance power, the Trust is required to record the contributions as a liability (and not as a contribution). During the year ended December 31, 2012, the Organization received $200,000 of such contributions. These amounts are shown in the accompanying statement of activities in support and revenue as revenue and expense, netting to $0.

Contributed Goods and Services

Donated goods and services meeting the criteria for recognition in the financial statements are reflected as in-kind contributions at their estimated fair market value on the date of receipt. No amounts for donated services met these criteria in the current year.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with trail construction and maintenance and education, but these services do not meet the criteria for recognition as contributed services under non-profit accounting standards. In the current year, the Organization received more than 2,300 volunteer hours for trail construction and maintenance and 1,138 hours for education.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The Organization's financial instruments include cash and cash equivalents, contributions and grants receivable, other receivables, payables and accrued liabilities. The Organization estimates that the fair value of all financial instruments at December 31, 2012 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Organization qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and accordingly, is exempt from federal income taxes or related income pursuant to Section 501(a) of the Code. Therefore, no provision for federal income tax is recorded in the accompanying financial statements. Income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization did not have unrelated business income subject to tax during the year ended December 31, 2012.

The Organization follows the *Accounting for Uncertainty in Income Taxes* accounting standard which requires the Organization to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are significant to the financial statements. The Organization's federal Return of Organization Exempt From Income Tax (Form 990) for the previous three years is subject to examination by the IRS, generally three years after they were filed.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Reclassifications made in the prior year have no impact on total net assets or changes in net assets.

Prior Year Amounts

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Concentrations of Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of money market accounts and contributions receivable.

1. Summary of Significant Accounting Policies (continued)

Concentrations of Risk (continued)

The Organization places its temporary cash and money market accounts with creditworthy, high-quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC). Such account balances may, at times, exceed the federally insured limit. As of December 31, 2012, no amounts exceeded the FDIC limit.

Credit risk with respect to contributions receivable is limited due to the number and credit worthiness of the individuals from whom the amounts are due.

2. Contributions Receivable

As of December 31, 2012 all contributions receivable are expected to be collected within one year and are deemed collectible and therefore no allowance has been recorded as of December 31, 2012.

100% of outstanding contributions are receivable from one organization.

3. Government Receivables

Government receivables consist primarily of reimbursements of expenses for services performed by the Organization during the year, which have not yet been collected. Management believes the government receivable balance is fully collectible and has provided no allowance for doubtful accounts. Additionally, amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

100% of outstanding government receivables are receivable from one organization.

4. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes as of December 31, 2012:

Phase one trail construction	$ 28,261
Trail construction	137,778
Habitat restoration	11,803
Signage	3,750
Volunteer program	6,984
Partner grants	6,169
Tree removal	15,000
Time restrictions	25,000
	$ 234,745

5. Lease Commitments

The Organization entered into an agreement to lease office space and certain other services in April 2010 which became effective March 1, 2009 and continues for five years through February 28, 2014. Rent expense for the year ended December 31, 2012 amounted to $11,460.

The future minimum lease payments as of December 31, 2012 under the lease agreement are as follows:

December 31,		
2013	$	11,664
2014		1,944
	$	13,608

6. Concentrations of Risk

For the year ended December 31, 2012, approximately 31% of the Organization's revenue was attributable to contributions received from one donor. In addition, approximately 39% of the Organization's revenue was attributable to one federal grant.

7. Employee Benefit Plan

During the year ended December 31, 2007, the Organization established a qualified 403(b) annuity plan covering virtually all of its employees. Contributions are based on a percentage of the eligible employee's annual salary which is approved by the Board of Directors on an annual basis. Contributed expense for this plan was $0 for the year ended December 31, 2012.

8. Related Party

During 2011, the Organization entered into an agreement with another Non-profit of which the Organization's executive director sits on the board. Under this agreement, the Organization hired consultants to perform work on behalf of the Non-profit. The Non-profit then reimbursed the Organization for these consulting services. For the year ended December 31, 2012, the Organization paid for services and received income related to this contract in the amount of $13,602. As of December 31, 2012, the receivable related to this agreement amounts $1,540 and is included in other receivables.

9. Date of Management's Review

Management of the Organization adopted the provisions of the accounting standard, *"Subsequent Events"*. This statement requires management to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Organization's financial statements were available to be issued on June 6, 2013 and this is the date through which subsequent events were evaluated.