

**SAND CREEK REGIONAL GREENWAY  
PARTNERSHIP, INC.**

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**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

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**DECEMBER 31, 2013**



**Crady, Puca & Associates**

*Certified Public Accountants & Consultants*

**SAND CREEK REGIONAL GREENWAY PARTNERSHIP, INC.**

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# Crady, Puca & Associates

Certified Public Accountants & Consultants

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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, 2013, and the related statements of activities and cash flows for the year 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 Sand Creek Regional Greenway Partnership, Inc. as of December 31, 2013, 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.

***Report on Summarized Comparative Information***

We have previously audited Sand Creek Regional Greenway Partnership, Inc.'s 2012 financial statements, and our report dated June 6, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Crady, Puca & Associates***

Centennial, Colorado

June 17, 2014

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Crady, Puca & Associates

**SAND CREEK REGIONAL GREENWAY PARTNERSHIP, INC.**  
**Statement of Financial Position**  
**As of December 31, 2013**  
**(With Summarized Financial Information as of December 31, 2012)**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 77,548	\$ 169,779
Contributions receivable	33,575	25,000
Government grants receivable	118,692	306,305
Other receivable	2,192	60,711
Other assets	-	533
Cash held on behalf of others	6,103	994
Total current assets	<u>238,110</u>	<u>563,322</u>
Non-current Assets:		
Website development	975	975
Furniture and equipment	4,410	4,410
Less: accumulated depreciation	<u>(3,681)</u>	<u>(2,474)</u>
Net property and equipment	<u>1,704</u>	<u>2,911</u>
Total assets	<u>\$ 239,814</u>	<u>\$ 566,233</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 19,835	\$ 135,808
Accrued vacation and benefits	10,840	9,363
Amounts held on behalf of others	6,103	994
Total current liabilities	<u>36,778</u>	<u>146,165</u>
Net assets:		
Unrestricted	65,405	185,323
Temporarily restricted	<u>137,631</u>	<u>234,745</u>
Total net assets	<u>203,036</u>	<u>420,068</u>
Total liabilities and net assets	<u>\$ 239,814</u>	<u>\$ 566,233</u>

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, 2013

(With Summarized Financial Information For the Year Ended December 31, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
<b>Support and Revenue:</b>				
Government grants and contracts	\$ 187,749	\$ -	\$ 187,749	\$ 379,881
Less: amounts raised for NGC	-	-	-	(200,000)
Total government grants and contracts	<u>187,749</u>	<u>-</u>	<u>187,749</u>	<u>179,881</u>
Contributions	30,357	34,720	65,077	260,498
Partner city grants	55,000	25,000	80,000	80,000
Special event income, net	7,374	-	7,374	-
In-kind	1,595	-	1,595	5,488
Other	10,841	-	10,841	13,602
Miscellaneous income	503	-	503	351
Net assets released from restrictions- Satisfaction of program restrictions	<u>156,834</u>	<u>(156,834)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>450,253</u>	<u>(97,114)</u>	<u>353,139</u>	<u>539,820</u>
<b>Expenses:</b>				
Program services -				
Trail construction and planning	403,029	-	403,029	281,714
Education, outreach and volunteers	78,809	-	78,809	81,359
Total program services	<u>481,838</u>	<u>-</u>	<u>481,838</u>	<u>363,073</u>
Supporting services -				
Fundraising	20,287	-	20,287	15,624
Management and general	68,046	-	68,046	67,140
Total supporting services	<u>88,333</u>	<u>-</u>	<u>88,333</u>	<u>82,764</u>
Total Expenses	<u>570,171</u>	<u>-</u>	<u>570,171</u>	<u>445,837</u>
<b>Changes in net assets</b>	<u>(119,918)</u>	<u>(97,114)</u>	<u>(217,032)</u>	<u>93,983</u>
<b>Net assets, beginning of year</b>	<u>185,323</u>	<u>234,745</u>	<u>420,068</u>	<u>326,085</u>
<b>Net assets, end of year</b>	<u>\$ 65,405</u>	<u>\$ 137,631</u>	<u>\$ 203,036</u>	<u>\$ 420,068</u>

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, 2013****(With Summarized Financial Information For the Year Ended December 31, 2012)**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (217,032)	\$ 93,983
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation expense	1,207	763
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	237,557	(387,879)
Decrease in other assets	533	-
Increase (decrease) in accounts payable	(115,973)	132,782
Increase in accrued liabilities	1,477	6,167
Net cash (used in) operating activities	<u>(92,231)</u>	<u>(154,184)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>-</u>	<u>(975)</u>
Net cash (used in) investing activities	<u>-</u>	<u>(975)</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(92,231)	(155,159)
<b>Cash and cash equivalents - beginning of year</b>	<u>169,779</u>	<u>324,938</u>
<b>Cash and cash equivalents - end of the year</b>	<u>\$ 77,548</u>	<u>\$ 169,779</u>

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. Funds raised in prior years are saved until construction begins. It is anticipated that this pattern of raising grant funds 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, 2013, 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, 2013, the amount held on behalf of the NGC amounted to \$6,103.

**1. Summary of Significant Accounting Policies (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.

**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 held 23 volunteer events and received 1,902 hours of volunteer labor. The Organization also hosted 651 student visits to the Greenway under the Next Generation Partners Program at 38 events for 1,414 hours of education and service.

**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, 2013 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.

**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.

**1. Summary of Significant Accounting Policies (continued)**

**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, 2013.

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 is no longer subject to U.S. Federal audits on its Form 990 by taxing authorities for fiscal years ending prior to December 31, 2010. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

**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, 2012, 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.

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, 2013, 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.

**SAND CREEK REGIONAL GREENWAY PARTNERSHIP, INC.**  
**Notes to Financial Statements**  
**December 31, 2013**

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**2. Contributions Receivable**

As of December 31, 2013 all contributions receivable are expected to be collected within one year and are deemed collectible and therefore no allowance has been recorded.

**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 agency.

**4. Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted for the following purposes as of December 31, 2013:

Phase one trail construction	\$ 28,261
Trail construction	38,278
Habitat restoration	11,803
Signage	3,750
Volunteer program	6,970
Partner grants	6,169
Tree removal	15,000
Flood relief	2,400
Time restrictions	<u>25,000</u>
	<u>\$ 137,631</u>

**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, 2013 amounted to \$11,974.

The future minimum lease payments as of December 31, 2013 under the lease agreement are as follows:

<u>December 31,</u>	
2014	\$ <u>1,944</u>
	<u>\$ 1,944</u>

**SAND CREEK REGIONAL GREENWAY PARTNERSHIP, INC.**  
**Notes to Financial Statements**  
**December 31, 2013**

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**6. Special Events**

Special events for the year ended December 31, 2013 consisted of:

Income	\$ 9,212
Less: direct expenses	(1,838)
Total	<u>\$ 7,374</u>

**7. Expenses**

Total expenses incurred for the year ended December 31, 2013 are as follows:

Total expenses reported by function	\$ 570,171
Cost of direct benefit to donors	1,838
Total expenses	<u>\$ 572,009</u>

**8. Concentrations of Risk**

For the year ended December 31, 2013, approximately 34% of the Organization's revenue was attributable to one federal grant.

**9. 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, 2013.

**10. 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, 2013, the Organization paid for services and received income related to this contract in the amount of \$10,841. As of December 31, 2013, the receivable related to this agreement amounts \$2,192 and is included in other receivables.

**SAND CREEK REGIONAL GREENWAY PARTNERSHIP, INC.**  
**Notes to Financial Statements**  
**December 31, 2013**

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**11. 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 17, 2014 and this is the date through which subsequent events were evaluated.

Subsequent to year end, the Organization entered into a sublease agreement for office space and certain other services which became effective March 1, 2014 and continues for three years through February 28, 2017. Future minimum lease payments under the subsequent agreement are as follows:

<u>December 31,</u>	
2014	\$ 6,250
2015	7,688
2016	7,917
2017	<u>1,326</u>
	<u>\$ 23,181</u>