

PACIFIC NORTHWEST TRAIL ASSOCIATION
Financial Statements
For the year ended
December 31, 2012

PACIFIC NORTHWEST TRAIL ASSOCIATION
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December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

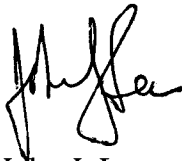
To the Board of Directors:

Pacific Northwest Trail Association
Sedro-Woolley, WA, 98284

We have audited the accompanying Statement of Financial Position of Pacific Northwest Trail Association (a nonprofit organization) as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pacific Northwest Trail Association as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



John J. Lee
Certified Public Accountant
August 11, 2013

PACIFIC NORTHWEST TRAIL ASSOCIATION
STATEMENT OF FINANCIAL POSITION
FOR YEAR
ENDED DECEMBER 31, 2012

ASSETS

Current Assets	
Cash	\$64,530
Inventory	1,700
Bulk Mail/Postage Due Deposits	322
Prepaid Insurance	7,835
Grants Receivable	<u>25,985</u>
Total Current Assets	100,372
Plant, Property and Equipment	160,775
Less: Accumulated Depreciation	<u>155,219</u>
Total Plant, Property and Equipment	<u>5,556</u>
Other Assets	
Website Design	30,878
Less: Accumulated Amortization	<u>30,878</u>
Total Other Assets	0
TOTAL ASSETS	<u><u>\$105,928</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	776
Payroll Liabilities	5,342
Accrued Sales Tax	<u>319</u>
Total Current Liabilities	6,437
Long Term Liabilities	-
Net Assets	
Unrestricted	99,491
Temporarily Restricted	-
Permanently Restricted	<u>-</u>
Total Net Assets	99,491
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$105,928</u></u>

The accompanying notes are an integral part of these financial statements

PACIFIC NORTHWEST TRAIL ASSOCIATION
STATEMENT OF ACTIVITIES
FOR YEAR ENDED
DECEMBER 31, 2012

UNRESTRICTED NET ASSETS

SUPPORT

Donations: Direct Public Support	\$2,975	
Membership Dues	4,145	
Regional Grants	484,849	
National Grant	10,536	
- SKY Native Plant Income	<u>2,929</u>	\$505,434
Merchandise Sales	1,943	
Interest	<u>22</u>	<u>1,965</u>
 TOTAL SUPPORT		 507,399

EXPENSES

Program Services		
National	29,900	
Regional	399,008	
SKY Native Plant Nursery	<u>794</u>	
Total Program Services	429,702	
Management and general	71,569	
Fundraising	<u>0</u>	
TOTAL EXPENSES		<u>501,271</u>

INCREASE IN UNRESTRICTED NET ASSETS		6,128
NET ASSETS, beginning of year		<u>93,363</u>
NET ASSETS, end of year		<u><u>\$99,491</u></u>

The accompanying notes are an integral part of these financial statements

PACIFIC NORTHWEST TRAIL ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2012

	Program Services						Total
	National	Regional	SKY Native Plant Nursery	Total	Management Fund and General	Raising	
Accounting	90			90	810	-	900
Bank Charges	-	-	81	81	652	-	733
Depreciation	1,197	-	-	1,197	-	-	1,197
Fuel	1,120	-	-	1,120	1,120	-	2,240
Insurance	5,056	-	-	5,056	2,604	-	7,660
Lease	6,500	-	-	6,500	6,500	-	13,000
Licenses and Permits	707		118	825	125	-	950
Meals	135	3,386	-	3,521	-	-	3,521
Meetings	-	3,507	-	3,507	3,534	-	7,041
Membership Dues	870	-	-	870	154	-	1,024
Mileage	1,508	-	-	1,508		-	1,508
Miscellaneous	-	-	98	98	77	-	175
Officer Wages	-	61,440	-	61,440	-	-	61,440
Pack In/Out	-	4,129	-	4,129	-	-	4,129
Payroll	-	226,947	-	226,947	40,050	-	266,997
Payroll Taxes	-	54,564	-	54,564	6,063	-	60,627
Postage	497	-	-	497	497	-	994
Production Expense	-	-	145	145	-	-	145
Projects	634	-	-	634	-	-	634
Public Relations	1,089	75	-	1,164	-	-	1,164
Publications	440	-	-	440	-	-	440
Registration	404	-	-	404	208	-	612
Services	-	5,600	-	5,600	-	-	5,600
Staff Travel	47	-	-	47	-	-	47
Stipend	-	5,774	-	5,774	641	-	6,415
Supplies	1,591	52	247	1,890	1,591	-	3,481
Taxes	-	123	-	123	-	-	123
Telecommunications	3,262	-	-	3,262	3,262	-	6,524
Tools	32	3,199	-	3,231	355	-	3,586
Trail Supplies	-	4,999	-	4,999	-	-	4,999
Training	-	2,552	-	2,552	283	-	2,835
Travel	-	22,661	-	22,661	2,518	-	25,179
Utilities	-	-	105	105	-	-	105
Vehicle Expense	3,547	-	-	3,547	394	-	3,941
Website Maint	1,174	-	-	1,174	131	-	1,305
Total	\$ 29,900	\$ 399,008	\$ 794	\$ 429,702	\$ 71,569	\$ -	\$ 501,271

The accompanying notes are an integral part of these financial statements

PACIFIC NORTHWEST TRAIL ASSOCIATION
STATEMENT OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$6,128
Adjustments to reconcile increase in net assets to net cash provided by operations:	
Depreciation and Amortization expense	1,197
Changes in operating assets and liabilities:	
(Increase) decrease in prepaid expenses	(3,131)
(Increase) decrease in grants receivable	8,020
Increase (decrease) in accounts payable	3,127
NET INCREASE IN CASH FROM OPERATING ACTIVITIES	<u>\$15,341</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property Plant, and Equipment	-
NET CASH USED IN INVESTING ACTIVITIES	<u>0</u>

CASH FLOWS FROM FINANCING ACTIVITIES

NET INCREASE IN CASH	15,341
Cash - Beginning of period	<u>49,189</u>
Cash - End of period	<u><u>\$64,530</u></u>

The accompanying notes are an integral part of these financial statements

PACIFIC NORTHWEST TRAIL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pacific Northwest Trail Association was organized to construct, protect, and maintain the Pacific Northwest Trail in a manner that makes a lasting contribution to the recreation, education, and enjoyment of present and future generations. The Pacific Northwest Trail Association enters into contracts to construct, repair, and maintain trails across U.S. national park and U.S forest service lands. Job Corps and SKY Work crews, along with volunteer help, perform the work under the contracts. SKY(Service Knowledge Youth) is a program developed by the PNTA to provide at-risk students with an outdoor-based work experience blended with academic and trade instruction. Pacific Northwest Trail Association is the official organization for the development and maintenance of the Pacific Northwest National scenic trail, a 1,200 mile trail from the continental divide at Glacial National Park, Montana to the Pacific Ocean at Cape Alava, WA. It determines the routing of the trail, obtains right-of-way agreements with private and governmental land owners, constructs the trail over new or rerouted terrain, and maintains the trail once it is established.

The PNTA operates a native plant nursery primarily to provide vegetation for restoration and mitigation projects that require native plants, such as salmon enhancement. The nursery is a component of the SKY program and as such, provides training for at-risk students.

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 11, 2013, the date that the financial statements were available to be issued.

Financial Statement Presentation – Grants received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any grant restrictions.

Contributed Services – Volunteers provide general services throughout the year. Such volunteer services are not recognized as contributions in the financial statements since the criteria for recognition has not been met.

Cash and Cash Equivalents - For the purposes of the Statements of Cash Flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Method of Accounting -used is the accrual basis of accounting and accordingly, reflects all significant receivables and payables.

PACIFIC NORTHWEST TRAIL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal Income Taxes -The Foundation is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is a qualified charitable organization for purposes of deducting contributions from taxable income. Accordingly, no provision for federal income tax is reflected in these financial statements.

Plant, Property and Equipment – with a cost over \$250 is recorded at cost and is depreciated using the straight line method over the estimated useful lives of the assets.

Grant Revenue is received from national and regional sources. Revenue is recognized when earned. Any funding source may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the organization with the terms of the grants/contracts.

Grants – for program services are recorded as expenses when they are approved by the Board of Trustees.

Restricted and unrestricted revenue and support – Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. 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, due to expiration of the stipulated time restriction or meeting the purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities and changes in net assets as net assets released from restrictions. The Organization has no permanently or temporarily restricted net assets.

Advertising Expense- Pacific NW Trail Association expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2012 was approximately \$0.

PACIFIC NORTHWEST TRAIL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2 – FURNITURE AND EQUIPMENT

As of December 31, 2012, furniture and equipment, along with accumulated depreciation, consisted of the following:

Cost	
Gates Computer and Equipment	\$48,879
Nursery Plants and Improvements	16,275
Office Equipment	3,000
Trail Building Equipment	63,800
Vehicles	<u>28,821</u>
	160,775
Less: Accumulated Depreciation	<u>155,219</u>
Net Fixed Assets	<u>\$ 5,556</u>

Depreciation Expense for the year ended December 31, 2012 was approximately \$1,197.

NOTE 3- AMORTIZABLE ASSETS

As of December 31, 2012, amortizable assets, along with accumulated amortization, consisted of the following:

Cost	
Website Design	\$30,878
Less Accumulated Amortization	<u>30,878</u>
Net Amortizable Assets	<u><u>0</u></u>

Amortization Expense for the year ended December 31, 2012 was approximately \$0.

NOTE 4- OPERATING LEASES

The Association has contracted with the Department of General Administration to lease the facilities. The monthly rent amount is \$1,032 per month. It is a yearly agreement and can change if the state chooses. As of December 31, the amount paid for the facility was \$12,384.

PACIFIC NORTHWEST TRAIL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 4- OPERATING LEASES- Continued

The Association is leasing a storage unit in Eastern Washington from Colony Storage for the storage of tools. The Association has been able to get the owner to let them make a one- time payment for a year at a time instead of monthly rental payments. As of the date of these financial statements, it is indeterminable if the rent will increase or not.

PACIFIC NORTHWEST TRAIL ASSOCIATION
SEDRO-WOOLLEY, WA, 98284

August 11, 2013

John J. Lee, CPA
829 Cook Road
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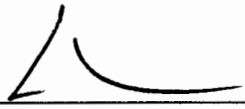
We are providing this letter in connection with your audit of the Statement of Financial Position of Pacific Northwest Trail Association as of December 31, 2012, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of Pacific Northwest Trail Association in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of August 11, 2013 the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all assets and liabilities under the organization's control.
2. We have made available to you all –
 - a. Financial records and related data.
 - b. Minutes of the meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We believe the effects of any uncorrected financial statement misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
6. There has been no –
 - a. Fraud involving management or employees who have significant roles in internal control.
 - b. Fraud involving others that could have a material effect on the financial statements.
7. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities or net asset balances.

8. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the Organization is contingently liable.
9. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the organization vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
10. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulation and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
11. Pacific Northwest Trail Association is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
12. There are no –
 - a. Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effect should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5, Accounting for Contingencies.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5.
 - d. Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
13. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.

14. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

Signed:  _____

Doug Walker, President

Signed _____

Bruce Vilders, Secretary/~~██████████~~

Bruce Viders <vlders@icloud.com>
To: Bruce Viders
Fwd: audit report



Begin forwarded message

[Faded, illegible text from a forwarded message]

Bruce D. Viders