



Raemelton Therapeutic Equestrian Center, Inc.

Financial Statements and
Independent Accountant's Review Report

December 31, 2015



Wilging, Roush & Parsons CPAs



Raemelton Therapeutic Equestrian Center, Inc.

Financial Statements

December 31, 2015

Table of Contents

	<u>Page</u>
Independent Accountant's Review Report	1
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 10



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Independent Accountant's Review Report

To the Board of Trustees of
Raemelon Therapeutic Equestrian Center, Inc.

We have reviewed the accompanying financial statements of Raemelon Therapeutic Equestrian Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Wilging, Roush & Parsons CPAs

Wilging, Roush & Parsons CPAs
Mansfield, Ohio
August 29, 2016

Raemelton Therapeutic Equestrian Center, Inc.
Statement of Financial Position
December 31, 2015

Assets

Cash and Cash Equivalents	\$ 63,220
Accounts Receivable	2,868
Prepaid Expenses	1,717
Property and Equipment, Net	673,347
Deposits	<u>585</u>
Total Assets	<u>\$ 741,736</u>

Liabilities

Accounts Payable	\$ 4,900
Accrued Expenses	<u>5,561</u>
Total Liabilities	10,461

Net Assets

Unrestricted	731,276
Temporarily Restricted	0
Permanently Restricted	<u>0</u>
Total Net Assets	<u>731,276</u>
Total Liabilities and Net Assets	<u>\$ 741,736</u>

See accompanying notes and independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2015

Changes in Unrestricted Net Assets

Support and Revenue

Contributions	\$ 749,019
United Way	22,730
Program Fees	28,207
Grants	25,954
Special Events - Gross	42,147
Less Cost of Direct Benefit	(13,318)
Net Special Events	28,829
Interest Income	6
Rental Income	726
Loss on Disposal of Property and Equipment	(34)
Other Income	216

Total Public Support and Revenue 855,653

Expenses

Program Services

 Program Expenses 223,426

Supporting Services

 Management and General 44,616
 Fund Raising 1,925

 Total Supporting Services Expenses 46,541

Total Expenses 269,967

Increase in Unrestricted Net Assets 585,686

Changes in Temporarily Restricted Net Assets

 None 0

Change in Permanently Restricted Net Assets

 None 0

Increase in Net Assets 585,686

Net Assets, Beginning of Year 145,590

Net Assets, End of Year \$ 731,276

See accompanying notes and independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	<u>Program</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Services</u>				
	<u>Program</u>	<u>Management</u>	<u>Fund</u>	<u>Supporting</u>	<u>Total</u>
	<u>Expense</u>	<u>and General</u>	<u>Raising</u>	<u>Services</u>	<u>Expenses</u>
Salaries and Wages	\$ 86,333	\$ 20,180	\$ 0	\$ 20,180	\$ 106,513
Payroll Taxes	10,990	1,217	0	1,217	12,207
Total Salaries and Related Expenses	97,322	21,397	0	21,397	118,720
Equine Expenses	37,478	0	0	0	37,478
Telephone	1,879	470	0	470	2,349
Office Expense	909	376	0	376	1,285
Printing and Postage	612	478	0	478	1,090
Supplies	1,267	0	0	0	1,267
Advertising	3,845	0	0	0	3,845
Rent	31,974	7,993	0	7,993	39,967
Utilities	9,198	2,300	0	2,300	11,498
Repairs and Maintenance	3,277	279	1,925	2,204	5,481
Equipment Rental and Maintenance	1,092	0	0	0	1,092
Travel and Seminars	3,720	0	0	0	3,720
Dues and Subscriptions	536	0	0	0	536
Insurance	9,203	0	0	0	9,203
Professional Fees	0	9,470	0	9,470	9,470
Bad Debts	0	1,852	0	1,852	1,852
Program Expense	4,834	0	0	0	4,834
Miscellaneous	155	0	0	0	155
Total Expenses before Depreciation	207,301	44,616	1,925	46,541	253,841
Depreciation	16,125	0	0	0	16,125
Total Expenses	\$ 223,426	\$ 44,616	\$ 1,925	\$ 46,541	\$ 269,967

See accompanying notes and independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Statement of Cash Flow
For the Year Ended December 31, 2015

Cash Flows from Operating Activities

Increase in Net Assets	\$ 585,686
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	16,125
Loss on Disposal of Property and Equipment	34
(Increase) Decrease in Assets:	
Accounts Receivable	104
Prepaid Expense	364
Increase (Decrease) in Liabilities:	
Accounts Payable	2,774
Accrued Expenses	(2,059)
	603,028
Net Cash Provided by Operating Activities	603,028

Cash Flows from Investing Activities

Purchase of Property and Equipment	(563,185)
	(563,185)
Net Cash Used by Investing Activities	(563,185)

Cash Flows from Financing Activities

None	0
	0
Net Increase in Cash and Cash Equivalents	39,842
Cash and Cash Equivalents, Beginning of Year	23,378
	\$ 63,220

See accompanying notes and independent accountant's review report

Raemelon Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2015

Note 1 – Summary of Significant Accounting Policies

Nature of Organization

Raemelon Therapeutic Equestrian Center, Inc., (the Organization) provides equine therapy to individuals with physical, social, emotional and sensory disabilities. Equine therapy provides whole-person therapy which assists individuals in improving their gross and fine motor skills, articulation, posture and language abilities.

The Organization was founded in 1995. Since opening its doors, it has grown from serving a small group of thirteen riders, to serving more than 100 students per week. The therapeutic riding center is located on the grounds of a former polo farm in Mansfield, Ohio. The Raemelon facilities include an outdoor riding arena, an indoor riding arena with a heated viewing room, two stables and ample pasture space.

Approximately 91% of the Organization's funding to carry out the above mission is received from private contributions and grants. An additional 3% of funding is received from program fees, 3% is received from United Way allocations and designations, and 3% is received from special events.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, the accounts of the Organization are reported in the following net asset categories:

Unrestricted Net Assets - Unrestricted net assets represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Trustees.

Temporarily Restricted Net Assets - Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or time of expenditure.

Permanently Restricted Net Assets - Permanently restricted net assets represent resources that have donor-imposed restrictions requiring that the principal be maintained in perpetuity but permit the nonprofit organization (NPO) to expend the income earned thereon.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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 amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

See independent accountant's review report

Raemelon Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For financial reporting purposes, the Organization considers cash as currency on hand and demand deposits with financial institutions. The Organization maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Organization's deposits are not subject to significant credit risk.

Accounts Receivable

Accounts receivable are recorded primarily for program fees and are stated at the estimated realizable value. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. No allowance for doubtful accounts was considered necessary as of December 31, 2015.

Contributions

Contributions receivable are recognized upon notification of a donor's unconditional promise to give to the Organization. Unconditional promises to give that are expected to be collected in less than one year are measured at net realizable value because that amount results in a reasonable estimate of fair value in accordance with the *Contributions Received* section of the FASB ASC. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a donor 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 are reported in the statement of activities and changes in net assets as assets released from restrictions.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at the approximate fair market value of the asset on the date of donation. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

Functional Allocation of Expenses

The cost of providing program and supporting services has been summarized on a functional basis in the statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based on time records, and estimates made by the Organization's management.

See independent accountant's review report

- 7 -

Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Organization has not recognized any impairment of long-lived assets during 2015.

Advertising

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising for 2015 amounted to approximately \$3,845.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization is classified as a public charity. The Organization is also exempt from state income tax. The Organization currently has no unrelated business income.

The Organization assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits. Federal returns for the years ended 2012 and thereafter remain subject to examination by the Internal Revenue Service.

Donated Materials, Facilities and Services

Donated property and equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations 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 must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about 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.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

See independent accountant's review report

- 8 -

Raemelon Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

New accounting standards are now issued by the Financial Accounting Standards Board (FASB) through Accounting Standards Updates (ASUs) to the FASB Accounting Standards Codification (ASC). The FASB does not consider the updates authoritative on a standalone basis; they become authoritative when incorporated into the ASC. The ASUs will be in a six-digit, two-segment format (20YY-XX) where YY is the year issued and XX is the sequential number of each update. So, ASU 2014-01 would be the first update issued in 2014, and so forth.

Note 2 – Property and Equipment

At December 31, 2015, property and equipment consisted of the following:

	<u>Useful Lives</u>	
Furniture and Equipment	5 - 10 Years	\$ 69,404
Building Improvements	15 - 40 Years	197,879
Buildings	40 Years	359,376
Horses	5 - 10 Years	4,400
Land		<u>190,625</u>
		821,683
Less Accumulated Depreciation		<u>(148,336)</u>
		<u>\$ 673,347</u>

Depreciation expense for the year ended December 31, 2015 was \$16,125.

Note 3 – Accounts Receivable

At December 31, 2015, accounts receivable consisted of the following:

Program Fees	\$ 2,868
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Note 4 – Donated Facilities and Services

The Organization records the value of donated facilities and services when there is an objective basis available to measure their value. During the year ended December 31, 2015, the Organization was the recipient of donations with a total fair market value, as determined by the contributors, of \$41,166. The donations consisted of rent and professional fees. These amounts and are included in the statement of activities and changes in net assets classified as contributions. The expenses are included in the statement of functional expenses as rent and professional fees.

See independent accountant's review report

Raemelon Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2015

Note 5 – Related Party Transaction

The Organization leased real estate which was owned by a partnership of which one of the partners is also a board member of the Organization. The partnership donated the use of the real estate to the Organization. The annual fair rental value of the real estate lease was valued at \$43,600 by the partnership. The Organization recognized eleven months of donated rent, in the amount of \$39,966, for the period of January to November 2015. In December 2015, the Organization purchased the real estate using donations received for said purpose.

Note 6 – Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Note 7 – Concentration of Credit Risk

For the year ended December 31, 2015, the Organization received 75% of its total support and revenue from five funding sources.

Note 8 – Evaluation of Subsequent Events

The financial statements considered subsequent events through August 29, 2016, the date which the financial statements were available to be issued.

See independent accountant's review report

- 10 -