



Raemelton Therapeutic Equestrian Center, Inc.

Financial Statements and
Independent Accountant's Review Report

December 31, 2016





Raemelton Therapeutic Equestrian Center, Inc.

Financial Statements

December 31, 2016

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Independent Accountant's Review Report

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

We have reviewed the accompanying financial statements of Raemelton Therapeutic Equestrian Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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
July 12, 2017

Raemelton Therapeutic Equestrian Center, Inc.
Statement of Financial Position
December 31, 2016

Assets

Cash and Cash Equivalents	\$ 483,237
Accounts Receivable	3,418
Allocations and Designations Receivable	5,935
Pledges Receivable	40,067
Prepaid Expenses	7,415
Property and Equipment, Net	831,959
Deposits	<u>585</u>
Total Assets	<u>\$ 1,372,615</u>

Liabilities

Accounts Payable	\$ 10,012
Accrued Expenses	6,134
Rental Deposits	<u>500</u>
Total Liabilities	16,646

Net Assets

Unrestricted	938,485
Temporarily Restricted	417,484
Permanently Restricted	<u>0</u>
Total Net Assets	<u>1,355,969</u>
Total Liabilities and Net Assets	<u>\$ 1,372,615</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, 2016

Changes in Unrestricted Net Assets

Support and Revenue

Contributions		\$ 145,495
Program Fees		29,730
Grants		19,300
Special Events - Gross	39,021	
Less Cost of Direct Benefit	(9,176)	
Net Special Events		29,845
Interest Income		102
Rental Income		12,932
Other Income		119
Net Assets Released from Restrictions		225,295
Total Public Support and Revenue		462,819

Expenses

Program Services

Program Expenses		193,866
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Supporting Services

Management and General		64,222
Fund Raising		5,185

Total Supporting Services Expenses		69,408
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Total Expenses		263,274
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Increase in Unrestricted Net Assets		199,546
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Changes in Temporarily Restricted Net Assets

Contributions		616,951
United Way		25,828
Net Assets Released from Restrictions		(225,295)
Increase in Temporarily Restricted Net Assets		417,484

See accompanying notes and independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Statement of Activities and Changes in Net Assets (continued)
For the Year Ended December 31, 2016

Change in Permanently Restricted Net Assets

None	0
Increase in Net Assets	617,029
Net Assets, Beginning of Year, As Restated	738,940
Net Assets, End of Year	<u>\$ 1,355,969</u>

See accompanying notes and independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program		Supporting Services		Total
	Services	Supporting Services	Management	Fund	
	Program	Management	Fund	Supporting	Total
	Expense	and General	Raising	Services	Expenses
Salaries and Wages	\$ 73,119	\$ 41,130	\$ 0	\$ 41,130	\$ 114,249
Payroll Taxes	8,666	1,576	0	1,576	10,243
Total Salaries and Related Expenses	81,785	42,706	0	42,706	124,492
Equine Expenses	44,629	0	0	0	44,629
Telephone	1,954	489	0	489	2,443
Office Expense	91	168	0	168	260
Printing and Postage	3,232	1,267	0	1,267	4,498
Advertising	1,248	0	0	0	1,248
Utilities	9,985	2,496	0	2,496	12,482
Repairs and Maintenance	2,209	102	3,757	3,859	6,069
Equipment Rental and Maintenance	750	312	0	312	1,062
Travel and Seminars	1,436	0	0	0	1,436
Dues and Subscriptions	1,989	0	0	0	1,989
State Filing Fees	0	200	0	200	200
Insurance	6,161	3,776	0	3,776	9,938
Professional Fees	0	11,305	0	11,305	11,305
Volunteer Appreciation	0	599	0	599	599
Program Expenses	10,678	0	0	0	10,678
Event Expenses	0	0	1,428	1,428	1,428
Real Estate Taxes	0	801	0	801	801
Miscellaneous	59	0	0	0	59
Total Expenses before Depreciation	166,208	64,222	5,185	69,408	235,616
Depreciation	27,658	0	0	0	27,658
Total Expenses	\$ 193,866	\$ 64,222	\$ 5,185	\$ 69,408	\$ 263,274

See accompanying notes and independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Statement of Cash Flow
For the Year Ended December 31, 2016

Cash Flows from Operating Activities

Increase in Net Assets	\$ 617,029
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	27,658
(Increase) Decrease in Assets:	
Accounts Receivable	(550)
Allocations and Designations Receivable	1,729
Pledges Receivable	(40,067)
Prepaid Expense	(5,698)
Increase (Decrease) in Liabilities:	
Accounts Payable	5,112
Accrued Expenses	573
Deferred Income	0
Rental Deposits	500
Net Cash Provided by Operating Activities	606,286

Cash Flows from Investing Activities

Purchase of Property and Equipment	(186,270)
Net Cash Used by Investing Activities	(186,270)

Cash Flows from Financing Activities

None	0
Net Increase in Cash and Cash Equivalents	420,017
Cash and Cash Equivalents, Beginning of Year	63,220
Cash and Cash Equivalents, End of Year	\$ 483,237

See accompanying notes and independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2016

Note 1 – Summary of Significant Accounting Policies

Nature of Organization

Raemelton 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 Raemelton facilities include an outdoor riding arena, an indoor riding arena with a heated viewing room, two stables and ample pasture space.

Approximately 89% 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

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Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2016

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, 2016.

Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the pledge commitments were received. Amortization of the discounts is included in contribution revenue. The Organization did not receive any conditional pledges for the year ended December 31, 2016. No allowance for doubtful pledges was considered necessary as of December 31, 2016.

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.

See independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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 2016.

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.

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 2013 and thereafter remain subject to examination by the Internal Revenue Service.

See independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

Advertising

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising for 2016 amounted to approximately \$1,248.

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 stand-alone 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 – Cash and Cash Equivalents

At December 31, 2016, cash and cash equivalents were comprised of the following:

Richland Bank Checking	\$ 15,256
Richland Bank Savings	103,993
Richland Bank Savings - Capital Improvements	361,185
Richland Bank Checking - Capital Improvements	<u>2,802</u>
Total Cash and Cash Equivalents	<u>\$ 483,237</u>

Note 3 – Property and Equipment

At December 31, 2016, property and equipment consisted of the following:

	<u>Useful Lives</u>	
Furniture and Equipment	5 - 10 Years	\$ 67,782
Buildings and Improvements	15 - 40 Years	604,876
Horses	5 - 10 Years	4,400
Land Improvements	15 Years	138,648
Land		<u>190,625</u>
		1,006,331
Less Accumulated Depreciation		<u>(174,372)</u>
		<u>\$ 831,959</u>

Depreciation expense for the year ended December 31, 2016 was \$27,658.

See independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2016

Note 4 – Accounts Receivable

At December 31, 2016, accounts receivable consisted of the following:

Program Fees	\$ <u>3,418</u>
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Note 5 – Pledges Receivable

Pledges receivable at December 31, 2016 consisted of the following:

Pledges Receivable	\$ 40,533
Less: Net Present Value Discount	<u>(466)</u>
Pledges Receivable, Net	\$ <u>40,067</u>

Pledges Receivable, due in:

Less than one year	\$ 30,267
One to three years	<u>10,266</u>
Total	\$ <u>40,533</u>

Note 6 – 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, 2016, the Organization was the recipient of donations with a total fair market value, as determined by the contributors, of \$2,025. The donations consisted 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 professional fees.

Note 7 – 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 8 – Concentration of Credit Risk

For the year ended December 31, 2016, the Organization received 75% of its total support and revenue from five funding sources.

See independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2016

Note 9 – Net Assets and Restrictions

At December 31, 2016, temporarily restricted net assets are available for the following purposes:

Capital Campaign	\$ 387,624
United Way Allocations and Designations	5,935
Riding Scholarships	<u>23,925</u>
Total	<u>\$ 417,484</u>

Net assets were released from donor restrictions during 2016 by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors. Net assets released were donated by the following:

Capital Campaign	\$ 194,202
United Way Allocations and Designations	19,893
Riding Scholarships	<u>11,200</u>
Total	<u>\$ 225,295</u>

Note 10 – Restatement of Net Assets

Net assets for the year ended December 31, 2015 have been restated to reflect prior period corrections as follows:

Net Assets at December 31, 2015, as Originally Reported	\$ 731,276
Record United Way allocations and designations receivable	<u>7,664</u>
Net Assets at December 31, 2015, as Restated	<u>\$ 738,940</u>

Note 11 – Evaluation of Subsequent Events

The financial statements considered subsequent events through July 12, 2017, the date which the financial statements were available to be issued.

See independent accountant's review report