



Raemelton Therapeutic Equestrian Center, Inc.

Financial Statements and
Independent Accountant's Review Report

December 31, 2017





Raemelton Therapeutic Equestrian Center, Inc.

Financial Statements

December 31, 2017

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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, 2017, 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
September 13, 2018

Raemelton Therapeutic Equestrian Center, Inc.
Statement of Financial Position
December 31, 2017

Assets

Cash and Cash Equivalents	\$ 198,054
Accounts Receivable	7,971
Allocations and Designations Receivable	10,135
Pledges Receivable	10,100
Prepaid Expenses	3,452
Property and Equipment, Net	1,362,148
Assets Held in Trust by Others	50,022
Deposits	<u>585</u>
Total Assets	<u>\$ 1,642,467</u>

Liabilities

Accounts Payable	\$ 17,088
Accrued Expenses	5,765
Rental Deposits	<u>500</u>
Total Liabilities	23,353

Net Assets

Unrestricted	1,408,625
Temporarily Restricted	160,467
Permanently Restricted	<u>50,022</u>
Total Net Assets	<u>1,619,114</u>
Total Liabilities and Net Assets	<u>\$ 1,642,467</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, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Support and Revenue</u>				
Contributions	\$ 103,870	\$ 326,841	\$ 0	\$ 430,710
United Way	0	22,858	0	22,858
Program Fees	53,763	0	0	53,763
Grants	33,550	0	0	33,550
Special Events - Gross	46,272	0	0	46,272
Less Cost of Direct Benefit	(9,040)	0	0	(9,040)
Net Special Events	37,232	0	0	37,232
Interest Income	200	0	0	200
Rental Income	12,694	0	0	12,694
Loss on Disposal of Property and Equipment	(23,628)	0	0	(23,628)
Change in Assts Held by Others	0	0	22	22
Net Assets Released from Restrictions	606,715	(606,715)	0	0
Total Support and Revenue	824,395	(257,017)	22	567,400
<u>Expenses</u>				
<u>Program Services</u>				
Program Expenses	222,512	0	0	222,512
<u>Supporting Services</u>				
Management and General	80,711	0	0	80,711
Fund Raising	1,032	0	0	1,032
Total Supporting Services Expenses	81,743	0	0	81,743
Total Expenses	304,255	0	0	304,255
Increase (Decrease) in Net Assets	520,140	(257,017)	22	263,145
Net Assets, Beginning of Year	938,485	417,484	0	1,355,969
<u>Transfers</u>				
Unrestricted	(50,000)	0	50,000	0
Net Assets, End of Year	\$ 1,408,625	\$ 160,467	\$ 50,022	\$ 1,619,114

See accompanying notes and independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program			Total	
	Services	Supporting Services		Supporting Services	Total Expenses
	Program Expense	Management and General	Fund Raising		
Salaries and Wages	\$ 78,839	\$ 46,168	\$ 0	\$ 46,168	\$ 125,007
Payroll Taxes	10,063	1,830	0	1,830	11,893
Total Salaries and Related Expenses	88,902	47,998	0	47,998	136,900
Equine Expenses	45,287	0	0	0	45,287
Telephone	2,039	510	0	510	2,549
Office Expense	0	972	0	972	972
Printing and Postage	707	707	0	707	1,414
Advertising	2,198	0	0	0	2,198
Utilities	10,918	2,729	0	2,729	13,647
Repairs and Maintenance	16,127	4,032	710	4,741	20,868
Equipment Rental and Maintenance	2,216	6	0	6	2,221
Travel and Seminars	2,203	0	0	0	2,203
Dues and Subscriptions	713	0	0	0	713
State Filing Fees	0	200	0	200	200
Insurance	10,199	0	0	0	10,199
Professional Fees	0	11,005	0	11,005	11,005
Bad Debts	0	9,718	0	9,718	9,718
Program Expenses	6,980	0	0	0	6,980
Event Expenses	0	0	43	43	43
Real Estate Taxes	0	2,835	0	2,835	2,835
Miscellaneous	0	0	280	280	280
Total Expenses before Depreciation	188,490	80,711	1,032	81,743	270,233
Depreciation	34,022	0	0	0	34,022
Total Expenses	<u>\$ 222,512</u>	<u>\$ 80,711</u>	<u>\$ 1,032</u>	<u>\$ 81,743</u>	<u>\$ 304,255</u>

See accompanying notes and independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Statement of Cash Flow
For the Year Ended December 31, 2017

Cash Flows from Operating Activities

Increase in Net Assets	\$ 263,145
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	34,022
Loss on Disposal of Property and Equipment	23,628
(Increase) Decrease in Assets Held in Trust by Others	(50,022)
(Increase) Decrease in Assets:	
Accounts Receivable	(4,553)
Allocations and Designations Receivable	(4,200)
Pledges Receivable	29,967
Prepaid Expense	3,963
Increase (Decrease) in Liabilities:	
Accounts Payable	7,075
Accrued Expenses	(369)
	302,658
Net Cash Provided by Operating Activities	302,658

Cash Flows from Investing Activities

Purchase of Property and Equipment	(587,840)
	(587,840)
Net Cash Used by Investing Activities	(587,840)

Cash Flows from Financing Activities

None	0
	0
Net Decrease in Cash and Cash Equivalents	(285,182)
Cash and Cash Equivalents, Beginning of Year	483,237
	483,237
Cash and Cash Equivalents, End of Year	\$ 198,054

See accompanying notes and independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2017

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 78% of the Organization's funding to carry out the above mission is received from private contributions and grants. An additional 11% of funding is received from program fees, 7% is received from special events, and 4% is received from United Way allocations and designations.

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

Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2017

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, 2017.

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, 2017. No allowance for doubtful pledges was considered necessary as of December 31, 2017.

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.

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Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2017

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 2017.

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 2014 and thereafter remain subject to examination by the Internal Revenue Service.

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Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2017

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 2017 amounted to approximately \$2,198.

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 2017-01 would be the first update issued in 2017, and so forth.

Note 2 – Cash and Cash Equivalents

At December 31, 2017, cash and cash equivalents were comprised of the following:

Richland Bank Checking	\$ 68,269
Richland Bank Savings	2,809
Richland Bank Savings - Capital Improvements	59,369
Richland Bank Checking - Capital Improvements	<u>67,607</u>
Total Cash and Cash Equivalents	<u>\$ 198,054</u>

Note 3 – Property and Equipment

At December 31, 2017, property and equipment consisted of the following:

	<u>Useful Lives</u>	
Furniture and Equipment	5 - 10 Years	\$ 68,976
Buildings and Improvements	15 - 40 Years	1,116,317
Horses	5 - 10 Years	4,400
Land Improvements	15 Years	189,091
Land		<u>190,625</u>
		1,569,408
Less Accumulated Depreciation		<u>(207,260)</u>
		<u>\$ 1,362,148</u>

Depreciation expense for the year ended December 31, 2017 was \$34,022.

See independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2017

Note 4 – Accounts Receivable

At December 31, 2017, accounts receivable consisted of the following:

Program Fees	\$ <u>7,971</u>
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Note 5 – Pledges Receivable

Pledges receivable at December 31, 2017 consisted of the following:

Pledges Receivable	\$ 10,100
Less: Net Present Value Discount	<u>0</u>
Pledges Receivable, Net	\$ <u>10,100</u>

Pledges Receivable, due in:

Less than one year	\$ 10,100
One to three years	<u>0</u>
Total	\$ <u>10,100</u>

Note 6 – Assets Held in Trust by Others

The Organization established an account with the Ashland County Community Foundation (the Foundation) for quasi-endowment purposes and designated itself the beneficiary. Accordingly, the fair value of the fund is recoded as the asset “assets held in trust by others” on the statement of financial position. Since the establishment of the account, a third-party donor has also contributed to the account. The portion of the account which represents third-party donor funds is subject to the variance power of the Foundation’s governing body and is therefore excluded from the Organization’s financial statements.

At December 31, 2017, the account with the Foundation is comprised of the following:

Balance on Statement of Financial Position - Organization gifts	\$ 50,022
Unrecorded balance subject to variance - Third-party gifts	<u>50,022</u>
Total	\$ <u>100,044</u>

Note 7 – Donated Materials and Services

The Organization records the value of donated materials and services when there is an objective basis available to measure their value. During the year ended December 31, 2017, the Organization was the recipient of donations with a total fair market value, as determined by the contributors, of \$12,440. The donations consisted labor and services used for the building of fixed assets. These amounts and are included as part of the fixed asset schedule.

See independent accountant’s review report

Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2017

Note 8 – Summary of Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

Assets Held in Trust by Others – The fair value of the Organization's investments in funds held by others has been established by using the present value of the estimated future cash receipts (an amount approximating the Organization's percentage of the value of the underlying assets of the trust).

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those assets and liabilities.

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2017:

	Fair Value Measurements on a Recurring Basis as of			
	December 31, 2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Assets Held in Trust by Others	\$ 0	\$ 50,022	\$ 0	\$ 50,022
	<u>\$ 0</u>	<u>\$ 50,022</u>	<u>\$ 0</u>	<u>\$ 50,022</u>

Effective for 2011, the FASB Accounting Standards Update, Improving Disclosures about Fair Value Measurements, requires that, in the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements on a gross basis rather than as one net number (ASU 2010-06). The Organization did not hold any level 3 assets at December 31, 2017.

See independent accountant's review report

Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2017

Note 8 – Summary of Fair Value Measurements (Continued)

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the year ended December 31, 2017.

Note 9 – 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 10 – Concentration of Credit Risk

For the year ended December 31, 2017, the Organization received 86% of its total support and revenue from four funding sources.

Note 11 – Net Assets and Restrictions

At December 31, 2017, temporarily restricted net assets are available for the following purposes:

Capital Campaign	\$ 105,550
United Way Allocations and Designations	10,135
Riding Scholarships	<u>44,783</u>
Total	<u>\$ 160,467</u>

At December 31, 2017, permanently restricted net assets are available for the following purposes:

Assets Held in Trust by Others	<u>\$ 50,022</u>
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Net assets were released from donor restrictions during 2017 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	\$ 578,340
United Way Allocations and Designations	18,658
Riding Scholarships	<u>9,718</u>
Total	<u>\$ 606,715</u>

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Raemelton Therapeutic Equestrian Center, Inc.
Notes to Financial Statements
December 31, 2017

Note 12 – Evaluation of Subsequent Events

The financial statements considered subsequent events through September 13, 2018, the date which the financial statements were available to be issued.

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