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Member American Institute of  
Certified Public Accountants

Member Missouri Society of  
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**NORTHLAND THERAPEUTIC RIDING CENTER**

**AUDIT OF THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**NORTHLAND THERAPEUTIC RIDING CENTER**

**DECEMBER 31, 2014 AND 2013**

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Independent Auditor's Report

Board of Directors  
Northland Therapeutic Riding Center  
Kearney, Missouri

I have audited the accompanying financial statements of the Northland Therapeutic Riding Center, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, cash flows, and functional expenses for the years 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***

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

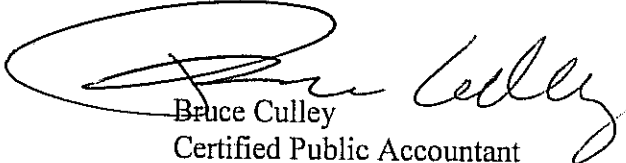
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northland Therapeutic Riding Center as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

  
Bruce Culley  
Certified Public Accountant

Gladstone, Missouri  
October 16, 2015

**NORTHLAND THERAPEUTIC RIDING CENTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31,**

	2014	2013
<b>ASSETS</b>		
Current Assets		
Cash	\$ 33,284	\$ 37,556
Contribution Receivable	-	10,000
Prepaid Expenses	1,483	1,345
Total Current Assets	34,767	48,901
Fixed Assets		
Office and Equipment	22,066	10,982
Therapeutic Equipment	12,731	12,731
Barn Improvement	112,461	112,461
Accumulated Depreciation	(26,247)	(21,089)
Total Fixed Assets	121,011	115,085
Total Assets	\$ 155,778	\$ 163,986
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 199	\$ 50
Payroll Taxes Payable	3,145	3,113
Total Current Liabilities	3,344	3,163
Long Term Liabilities		
Note Payable	50,000	50,000
Total Long Term Liabilities	50,000	50,000
Total Liabilities	53,344	53,163
Net Assets		
Unrestricted	102,434	110,823
Total Liabilities and Net Assets	\$ 155,778	\$ 163,986

See Accompanying Notes to the Financial Statements.

**NORTHLAND THERAPEUTIC RIDING CENTER  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31,**

	<u>2014</u>	<u>2013</u>
<b>INCOME</b>		
Contributions - Individual and Corporations	\$ 100,291	\$ 118,080
Program Fees	61,381	52,327
Special Events	48,723	26,381
Event Expenses	(14,541)	(5,982)
Other	1,317	1,940
Total Income	<u>197,171</u>	<u>192,746</u>
<b>EXPENSES</b>		
Program	190,266	150,744
Administrative	13,375	23,820
Fundraising	1,919	18,005
Total Expenses	<u>205,560</u>	<u>192,569</u>
Increase (Decrease) in Net Assets	(8,389)	177
Net Assets, Beginning of Year	<u>110,823</u>	<u>110,646</u>
Net Assets, End of Year	<u>\$ 102,434</u>	<u>\$ 110,823</u>

See Accompanying Notes to the Financial Statements.

**NORTHLAND THERAPEUTIC RIDING CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2014**

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 114,348	\$ 2,358	\$ 1,179	\$ 117,885
Payroll Taxes	8,418	358	179	8,955
Staff Training	1,450	-	-	1,450
Horse Care	12,522	-	-	12,522
Horse Boarding	13,500	-	-	13,500
Rental	203	-	-	203
Therapeutic Equipment and Materials	100	-	-	100
Volunteer Training and Expense	643	-	-	643
Contract Labor	833	-	-	833
Program Expense	5,042	-	-	5,042
Office Expenses	606	303	303	1,212
Dues, Subscriptions and Member Fees	484	-	-	484
Insurance - Liability	3,666	407	-	4,073
Postage and Printing	505	99	76	680
Telephone	3,086	363	182	3,631
Professional Fees	525	7,645	-	8,170
Repairs and Maintenance	12,712	-	-	12,712
Depreciation	5,158	-	-	5,158
Meetings and Meals	-	999	-	999
Bank Service Charges	-	843	-	843
Travel - Mileage	1,939	-	-	1,939
Facility Expense	2,384	-	-	2,384
In-Kind Expense	193	-	-	193
Miscellaneous	1,949	-	-	1,949
	<u>\$ 190,266</u>	<u>\$ 13,375</u>	<u>\$ 1,919</u>	<u>\$ 205,560</u>
Total Expenses	<u>\$ 190,266</u>	<u>\$ 13,375</u>	<u>\$ 1,919</u>	<u>\$ 205,560</u>

See Accompanying Notes to the Financial Statements.

**NORTHLAND THERAPEUTIC RIDING CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2013**

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 68,843	\$ 13,385	\$ 13,385	\$ 95,613
Payroll Taxes	5,235	1,020	1,020	7,275
Staff Training	5,007	1,000	-	6,007
Horse Care	23,246	-	-	23,246
Horse Boarding	23,365	-	-	23,365
Rental	445	-	800	1,245
Therapeutic Equipment and Materials	510	-	-	510
Volunteer Training and Expense	1,258	-	-	1,258
Contract Labor	-	3,615	-	3,615
Program Expense	3,238	-	-	3,238
Office Expenses	929	182	182	1,293
Dues, Subscriptions and Member Fees	1,265	250	250	1,765
Insurance - Liability	2,432	1,000	400	3,832
Postage and Printing	306	200	400	906
Telephone	2,360	2,000	300	4,660
Professional Fees	4,470	868	868	6,206
Repairs and Maintenance	1,093	-	-	1,093
Depreciation	4,234	-	-	4,234
Meetings and Meals	92	150	150	392
Bank Service Charges	49	150	150	349
Travel - Mileage	1,279	-	100	1,379
Facility Expense	1,087	-	-	1,087
Miscellaneous	1	-	-	1
	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total Expenses	<u>\$ 150,744</u>	<u>\$ 23,820</u>	<u>\$ 18,005</u>	<u>\$ 192,569</u>

See Accompanying Notes to the Financial Statements.



**NORTHLAND THERAPEUTIC RIDING CENTER  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31,**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets from Operations	\$ (8,389)	\$ 177
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	5,158	4,234
(Increase) Decrease in Current Assets		
Contribution Receivable	10,000	(10,000)
Prepaid Insurance	(138)	(85)
Increase (Decrease) in Current Liabilities		
Accounts Payable	149	2,143
Payroll Taxes	32	(2,003)
Total Adjustments	<u>15,201</u>	<u>(5,711)</u>
Net Cash Provided (Used) by Operating Activities	6,812	(5,534)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) in Leasehold Improvements	-	(12,870)
(Increase) in Equipment	<u>(11,084)</u>	<u>(1,160)</u>
Net Cash Used by Investing Activities	<u>(11,084)</u>	<u>(14,030)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
Net Decrease in Cash	(4,272)	(19,564)
Cash, Beginning of Year	<u>37,556</u>	<u>57,120</u>
Cash, End of Year	<u>\$ 33,284</u>	<u>\$ 37,556</u>

See Accompanying Notes to the Financial Statements.

**NORTHLAND THERAPEUTIC RIDING CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 1 – NATURE OF ACTIVITIES AND PROGRAM DESCRIPTION**

*Nature of Operations* – Northland Therapeutic Riding Center (the Organization) was founded in 2000. Therapeutic riding uses equine-oriented activities to positively impact the cognitive, physical, emotional and social well-being of people with special needs. The horse is a unique therapy tool in that its walk is rhythmic and repetitive and encourages movement responses in riders that are similar to human movement patterns of the pelvis while walking.

At the Organization, therapeutic riding is implemented by licensed physical, occupational, and speech therapists and certified therapeutic riding instructors. The staff has more than 25 years working with individuals with special needs. Therapeutic riding is recognized by the American Physical Therapy Association and the American Occupational Therapy Association.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting and Presentation* – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in FASB ASC 958 in which the Organization is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Cash and Cash Equivalents* – For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at December 31, 2014 and December 31, 2013.

*Contributions* – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. 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.

**NORTHLAND THERAPEUTIC RIDING CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Promises to Give*** – Unconditional promises to give are recorded as revenues or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

***Property and Equipment*** – Property and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Major improvements over \$1,000 are capitalized, and maintenance and repairs that do not improve or extend the life of the respective assets are charged against net assets in the current period. Depreciation is computed primarily using the straight-line method over the useful lives of the assets ranging from 5 to 15 years. Depreciation expense was \$5,158 in 2014 and \$4,234 in 2013, respectively.

***Donated Assets*** – Donations of property, equipment or inventory are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

***Donated Services*** – Unpaid volunteers with varying skills contributed approximately 5,456 hours in 2014 and 4,725 hours in 2013. The value of these hours is not included in the Statement of Activities and Changes in Net Assets as In-kind Contributions with an offsetting expense included in In-kind Services Expense.

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

***Income Taxes*** – No provision for income taxes has been recorded, as the Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**NORTHLAND THERAPEUTIC RIDING CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The Organization accounts for uncertain tax positions in accordance with the provisions of FASB Codification topic *Income Taxes*. *Income Taxes* clarifies the accounting for uncertainty in income taxes and requires the Organization to recognize in the financial statements the impact of a tax position taken or expected to be taken in a tax return, if that position is more likely than not to be sustained under audit, based on the technical merits of the position. Management has assessed the tax positions of the Organization and determined that no positions exist that require adjustment or disclosure in the financial statements.

*Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**NOTE 3 – LEASE COMMITMENT**

In February 2012, the Organization entered into a twenty year lease of the real property utilized in conducting its activities. The lease entails monthly payments of \$2,500. The lease requires the following commitment under the lease:

2015	\$ 30,000
2016	30,000
2017	30,000
2018 – 2022	150,000
2023 – 2027	150,000
2027 – 2031	<u>125,000</u>
	<u>\$ 545,000</u>

**NOTE 4 – SUBSEQUENT EVENTS**

FASB ASC 855, *Subsequent Events*, provides guidance on management’s assessment of subsequent events and clarifies that management must evaluate, as of each reporting period, events or transactions that occur after the Statement of Financial Position date through the date that the financial statements are issued, or are available to be issued. Management has evaluated events and transactions for subsequent events disclosures occurring after December 31, 2014, through October 16, 2015, the date the financial statements were available to be issued.

**NORTHLAND THERAPEUTIC RIDING CENTER  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Buildings-Barn	\$ 112,461	\$ 112,461
Furniture and Equipment	22,066	10,982
Therapeutic Equipment	<u>12,731</u>	<u>12,731</u>
	147,258	136,174
Less: Accumulated Depreciation	<u>(26,247)</u>	<u>(21,089)</u>
Total Property and Equipment	<u>\$121,011</u>	<u>\$115,085</u>

Depreciation is provided over the estimated useful lives using the straight-line method as follows:

Buildings-Barn	40 years
Office Furniture and Equipment	7 years
Equipment	5 years

**NOTE 6 – NOTE PAYABLE – BOARD MEMBER**

The Organization borrowed \$50,000 from a board member in 2012. The note is a non-interest bearing note renewable on an annual basis due and payable on December 31, 2015.