

**Mane Stream, Inc.**

**Audited Financial Statements**

**Year ended December 31, 2017**

**Mane Stream, Inc.**

**Table of Contents**

**December 31, 2017**

	Page
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-11

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Independent Auditor's Report

Board of Directors  
Mane Stream, Inc.

**Report on Financial Statements**

I have audited the accompanying financial statements of Mane Stream, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, cash flows and functional expenses for the year 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 the 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 audit. I conducted my audit 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 misstatement.

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 Mane Stream, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

I have previously audited Mane Stream, Inc.'s 2016 financial statements, and in my report dated April 12, 2017, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it was derived.



Donna Foxman, CPA

April 5, 2018



**Mane Stream, Inc.**  
**Statement of Financial Position**  
**December 31, 2017**  
**With Comparative Totals for 2016**

	<b>2017</b>	<b>2016</b>
<b>Assets:</b>		
Cash	\$648,513	\$549,602
Accounts receivable	2,988	2,381
Prepaid expenses	5,432	4,995
Property and equipment, net	<u>1,281,645</u>	<u>1,295,341</u>
Total assets	<u><u>\$1,938,578</u></u>	<u><u>\$1,852,319</u></u>
 <b>Liabilities:</b>		
Accounts payable and accrued expenses	8,302	30,200
Mortgage payable	<u>407,344</u>	<u>421,066</u>
Total liabilities	<u>415,646</u>	<u>451,266</u>
 <b>Net assets:</b>		
Unrestricted net assets	1,369,863	1,214,703
Temporarily restricted net assets	88,069	121,350
Permanently restricted net assets	<u>65,000</u>	<u>65,000</u>
Total net assets	<u>1,522,932</u>	<u>1,401,053</u>
Total liabilities and net assets	<u><u>\$1,938,578</u></u>	<u><u>\$1,852,319</u></u>

The accompanying notes are an integral part of these financial statements.

**Mane Stream, Inc.**  
**Statement of Activities**  
**For the year ended December 31, 2017**  
**With Comparative Totals for 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Totals</u>	<u>2016 Totals</u>
<b>Revenues and Support:</b>					
Contributions	\$115,973	-	-	115,973	116,488
Bequests	85,845	-	-	85,845	5,435
Program revenue	196,011	-	-	196,011	182,635
Fundraising and special events	533,695	-	-	533,695	533,892
Interest income	655	-	-	655	600
Net assets released in satisfaction of donor restrictions	33,281	(33,281)	-	-	-
Total revenues and support	<u>965,460</u>	<u>(33,281)</u>	<u>-</u>	<u>932,179</u>	<u>839,050</u>
<b>Expenses:</b>					
Program expenses	463,178	-	-	463,178	434,464
Administrative expenses	105,494	-	-	105,494	99,965
Development and fundraising costs	241,628	-	-	241,628	253,703
Total expenses	<u>810,300</u>	<u>-</u>	<u>-</u>	<u>810,300</u>	<u>788,132</u>
Increase (decrease) in net assets	155,160	(33,281)	-	121,879	50,918
Net assets, beginning of year	<u>1,214,703</u>	<u>121,350</u>	<u>65,000</u>	<u>1,401,053</u>	<u>1,350,135</u>
Net assets, end of year	<u>\$1,369,863</u>	<u>88,069</u>	<u>65,000</u>	<u>1,522,932</u>	<u>1,401,053</u>

The accompanying notes are an integral part of these financial statements.

**Mane Stream, Inc.**  
**Statement of Cash Flows**  
**For the year ended December 31, 2017**  
**With Comparative Totals for 2016**

	2017	2016
<b>Cash flows from operating activities:</b>		
Contributions, program, and fundraising revenue	\$930,917	\$842,046
Interest income	655	600
Cash paid to suppliers and employees	(777,744)	(710,998)
Interest paid	(18,927)	(21,500)
Net cash provided (used) by operating activities	<u>134,901</u>	<u>110,148</u>
<b>Cash flows from investing activities:</b>		
Purchase of building improvements, equipment	(22,268)	(43,292)
Net cash provided (used) by investing activities	<u>(22,268)</u>	<u>(43,292)</u>
<b>Cash flows from financing activities:</b>		
Repayment of long term debt	(13,722)	(12,425)
Net cash provided (used) by financing activities	<u>(13,722)</u>	<u>(12,425)</u>
Increase (decrease) in cash	98,911	54,431
Cash at beginning of year	<u>549,602</u>	<u>495,171</u>
Cash at end of year	<u>\$648,513</u>	<u>\$549,602</u>
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	\$121,879	\$50,918
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	35,964	31,470
(Increase) decrease in accounts receivable	(607)	3,596
(Increase) decrease in prepaid expenses	(437)	(373)
(Increase) decrease in property development costs	-	14,461
Increase (decrease) in accounts payable and accrued expenses	(21,898)	10,076
Net cash provided (used) by operating activities	<u>\$134,901</u>	<u>\$110,148</u>

The accompanying notes are an integral part of these financial statements.



**Mane Stream, Inc.**  
**Statement of Functional Expenses**  
**For the year ended December 31, 2017**  
**With Comparative Totals for 2016**

	<u>Program Expenses</u>	<u>Administrative Expenses</u>	<u>Development &amp; Fundraising</u>	<u>2017 Expenses</u>	<u>2016 Expenses</u>
Salaries	\$266,908	74,472	95,458	436,838	392,966
Payroll taxes	27,632	4,412	9,388	41,432	36,829
Employee benefits	6,928	9,115	5,594	21,637	17,342
Outside services	6,365	1,104	1,019	8,488	4,331
Software contracts	6,673	690	4,049	11,412	10,238
Advertising	708	-	1,337	2,045	2,818
Bank and credit card fees	3,214	7	1,403	4,624	5,649
Depreciation	32,478	1,743	1,743	35,964	31,470
Dues and subscriptions	3,756	53	68	3,877	1,161
Equipment rental and expenses	1,606	10	9	1,625	1,651
Insurance	33,430	3,777	5,272	42,479	42,015
Interest	-	-	18,927	18,927	21,500
Licenses and fees	376	96	315	787	765
Meetings, seminars & workshops	1,953	180	70	2,203	1,650
Office & technology expenses	6,033	2,973	632	9,638	7,779
Postage	303	101	440	844	1,482
Professional fees	3,325	559	516	4,400	4,300
Program expenses	5,249	-	-	5,249	1,881
Animal food & supplies	23,674	-	12	23,686	25,977
Veterinary & farrier fees	18,158	-	-	18,158	19,614
Real estate taxes	-	-	567	567	553
Repairs and maintenance	4,083	4,420	1,123	9,626	12,501
Telephone	1,905	330	305	2,540	2,847
Utilities	8,421	1,452	1,338	11,211	11,334
subtotal	463,178	105,494	149,585	718,257	658,653
Fundraising expenses	-	-	92,043	92,043	129,479
Total expenses	<u>\$463,178</u>	<u>105,494</u>	<u>241,628</u>	<u>810,300</u>	<u>788,132</u>

The accompanying notes are an integral part of these financial statements.



**Mane Stream, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

1. Summary of Significant Accounting Policies

a. Organization

Mane Stream, Inc., located in Oldwick, New Jersey, is a nonprofit organization founded in 1972 and incorporated in 1973 in the state of New Jersey for the purpose of improving the quality of life for individuals with physical, developmental, emotional, and medical challenges by providing a diverse program of equine assisted activities, equine assisted therapy and educational initiatives. The organization has been accredited by the Professional Association of Therapeutic Horsemanship International (PATH). The organization offers both recreation and medical treatment programs. In adaptive horsemanship children and adults participate in recreational equestrian activities in a safe controlled environment. In equine assisted therapy, New Jersey licensed physical, occupational and speech therapists use the movement of the horse to help clients attain functional goals.

Mane Stream's annual revenues are derived primarily from program fees and contributions

b. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

c. Basis of Presentation

Under generally accepted accounting standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

d. Revenue and Support

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

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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Mane Stream, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

1. Summary of Significant Accounting Policies, continued

e. Income Taxes

The Organization is qualified as tax exempt under Section 501(c)(3) of the Internal Revenue Code.

f. 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

g. Donated Assets

Noncash donated assets are recorded as contributions at their estimated fair values at the date of donation.

h. 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.

i. Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, during the year approximately 480 individuals provided more than 11,000 hours to assist the Organization in their program activities and various special events and fundraising activities.

j. Advertising

The Organization uses advertising to promote its programs and events in the communities it serves.



**Mane Stream, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

1. Summary of Significant Accounting Policies, continued

k. Subsequent Events

The Organization has evaluated subsequent events through April 5, 2018, which is the date the financial statements were available to be issued.

2. Cash Accounts

The Organization has several bank accounts at two financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times throughout the year balances can exceed the insured limits.

3. Property and Equipment

Property and equipment are carried at cost and, except for land, are depreciated over their estimated useful lives ranging from five to thirty-nine years using straight-line depreciation. Amounts at December 31 were:

Land	\$777,281
Buildings and improvements	909,211
Furniture and equipment	<u>160,891</u>
	1,847,383
Less accumulated depreciation	<u>(565,738)</u>
Property and equipment, net	<u><u>\$1,281,645</u></u>

Depreciation expense for the year was \$35,964.

4. Mortgage Payable

In June, 2011, the Organization obtained a \$900,000 mortgage with First Hope Bank to purchase property in Readington, New Jersey. The loan was payable in monthly payments of \$5,501.80, including interest at 5.375%, through June, 2036. The interest rate changes as of June every five years, based on the five year US Treasury Bill rate plus 250 basis points. The loan is secured by real property. In June, 2015, the buildings in Readington and a portion of the land were sold. \$385,000 was

**Mane Stream, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

4. Mortgage Payable, continued,

used to pay down the mortgage. The mortgage was modified to reduce monthly payments to \$2,720.78. In June, 2016 the interest rate changed to 4.5% in accordance with the original agreement (next change due in June, 2021). The loan balance at December 31, 2017 was \$407,344. The following is a schedule of principal payments for the next five years:

December 31, 2018	\$14,363
2019	15,032
2020	15,684
2021	16,463
2022	18,678
Thereafter	327,124
	\$407,344

5. Permanently Restricted Net Assets

In May, 2007, the Organization received a contribution to establish the Sheila G. Williams Memorial Endowment. The funds are to be invested under the direction of the Board of Directors' Finance Committee. 10% of the total funds available (including principal and accumulated interest or investment income earned on the capital funds) is available annually to be used to fund educational opportunities for staff, including conference attendance and courses of study supportive of and relevant to the Organization's activities and objectives. Total contributions received through December 31 totaled \$65,000.

6. 401K Plan

The Board of Directors approved a 401k plan for all eligible employees, which became effective in August, 2008. Employer contributions to the plan in 2017 were 4% and totaled \$10,887.

7. Income Taxes

Generally accepted accounting principles prescribe how an organization should measure, recognize, present and disclose in its financial statements tax positions that the organization has taken or expects to take on its tax or information returns. The Organization regularly reviews and evaluates its tax positions taken on previously filed returns and as reflected in its financial statements, with regard to issues affecting tax matters. The Organization has concluded that no tax benefits or liabilities are required to be recognized in accordance with generally accepted accounting principles.



**Mane Stream, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2017**

7. Income Taxes, continued

The Organization's tax and information returns are generally subject to examination by the taxing authorities for three years, including 2014, 2015 and 2016.

8. Readington Property

In June, 2011, the Board of Directors approved the purchase of 35 acres of land and buildings in Readington, New Jersey. The Organization planned to use the purchase to expand and increase the amount and types of program services offered in the communities they serve. However, in July, 2013, the Board of Directors approved a motion to sell this 35 acre property. The decision to sell the property and buildings was made after economic conditions indicated that such an expansion of programs and services was no longer feasible at that location so other appropriate measures were implemented to expand programs and services. The buildings and ten acres of the land were sold in June, 2015 (twenty-five acres remain). The remaining land is available for sale.

9. Reclassifications

Certain expenses from the December 31, 2016 financial statements have been reclassified for presentation at December 31, 2017. These changes do not impact net assets or liabilities.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions received for capital projects and specific program expenses.