

**Mane Stream, Inc.**

**Audited Financial Statements**

**Year ended December 31, 2019**

**Mane Stream, Inc.**

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**December 31, 2019**

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*Certified Public Accountant*

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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, 2019, 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.

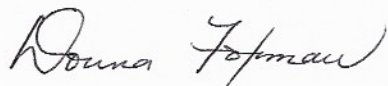
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **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, 2019, 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 2018 financial statements, and in my report dated May 13, 2019, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it was derived.



Donna Foxman, CPA

June 24, 2020

**Mane Stream, Inc.**  
**Statement of Financial Position**  
**December 31, 2019**  
**With Comparative Totals for 2018**

	<b>2019</b>	<b>2018</b>
<b>Assets:</b>		
Cash	\$735,777	\$699,900
Accounts receivable	44,476	61,627
Prepaid expenses	4,080	15,397
Property and equipment, net	<u>776,472</u>	<u>1,298,940</u>
Total assets	<u><u>\$1,560,805</u></u>	<u><u>\$2,075,864</u></u>
 <b>Liabilities:</b>		
Accounts payable and accrued expenses	11,781	9,517
Mortgage payable	<u>-</u>	<u>392,980</u>
Total liabilities	<u>11,781</u>	<u>402,497</u>
 <b>Net assets:</b>		
Without donor restrictions	1,465,278	1,554,228
With donor restrictions	<u>83,746</u>	<u>119,139</u>
Total net assets	<u>1,549,024</u>	<u>1,673,367</u>
Total liabilities and net assets	<u><u>\$1,560,805</u></u>	<u><u>\$2,075,864</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, 2019**  
**With Comparative Totals for 2018**

	<u>Without donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Totals</u>	<u>2018 Totals</u>
<b>Revenues and Support:</b>				
Contributions	\$120,043	68,385	188,428	167,779
Bequests	31,101	-	31,101	15,629
Program revenue	239,940	-	239,940	229,705
Fundraising and special events	538,726	-	538,726	644,995
Interest income	2,900.45	159	3,059	1,796
Miscellaneous income	1,957	-	1,957	5,458
Realized gain (loss) on sale of property	(191,165)	-	(191,165)	-
Net assets released in satisfaction of donor restrictions	<u>103,937</u>	<u>(103,937)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>847,439</u>	<u>(35,393)</u>	<u>812,046</u>	<u>1,065,362</u>
<b>Expenses:</b>				
Program expenses	574,086	-	574,086	528,464
Administrative expenses	92,911	-	92,911	95,879
Development and fundraising costs	<u>269,392</u>	<u>-</u>	<u>269,392</u>	<u>290,584</u>
Total expenses	<u>936,389</u>	<u>-</u>	<u>936,389</u>	<u>914,927</u>
Increase (decrease) in net assets	(88,950)	(35,393)	(124,343)	150,435
Net assets, beginning of year	<u>1,554,228</u>	<u>119,139</u>	<u>1,673,367</u>	<u>1,522,932</u>
Net assets, end of year	<u><u>\$1,465,278</u></u>	<u><u>83,746</u></u>	<u><u>1,549,024</u></u>	<u><u>1,673,367</u></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, 2019**  
**With Comparative Totals for 2018**

	2019	2018
<b>Cash flows from operating activities:</b>		
Contributions, program, and fundraising revenue	\$1,017,303	\$1,004,927
Interest income	3,059	1,796
Cash paid to suppliers and employees	(877,764)	(866,460)
Interest paid	(2,576)	(18,286)
Net cash provided (used) by operating activities	<u>140,022</u>	<u>121,977</u>
<b>Cash flows from investing activities:</b>		
Purchase of building improvements, equipment	-	(56,226)
Proceeds from sale of land	288,835	-
Net cash provided (used) by investing activities	<u>288,835</u>	<u>(56,226)</u>
<b>Cash flows from financing activities:</b>		
Repayment of long term debt	(392,980)	(14,364)
Net cash provided (used) by financing activities	<u>(392,980)</u>	<u>(14,364)</u>
Increase (decrease) in cash	35,877	51,387
Cash at beginning of year	<u>699,900</u>	<u>648,513</u>
Cash at end of year	<u>\$735,777</u>	<u>\$699,900</u>
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	(\$124,343)	\$150,435
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Loss on sale of property	191,165	-
Depreciation	42,468	38,931
(Increase) decrease in accounts receivable	17,151	(58,639)
(Increase) decrease in prepaid expenses	11,317	(9,965)
Increase (decrease) in accounts payable and accrued expenses	2,264	1,215
Net cash provided (used) by operating activities	<u>\$140,022</u>	<u>\$121,977</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, 2019**  
**With Comparative Totals for 2018**

	Program Expenses	Administrative Expenses	Development & Fundraising	2019 Expenses	2018 Expenses
Salaries	\$335,498	63,189	84,182	482,869	491,580
Payroll taxes	28,283	5,584	6,774	40,641	43,450
Employee benefits	24,931	3,470	12,205	40,606	34,004
Outside services	4,484	665	629	5,778	5,789
Development & Software contracts	4,550	679	20,805	26,034	11,337
Advertising	91	-	6,343	6,434	2,376
Bank and credit card fees	5,586	-	1,089	6,675	5,147
Depreciation	29,507	5,557	7,404	42,468	38,931
Dues and subscriptions	2,326	53	68	2,447	2,188
Equipment rental and expenses	4,431	-	-	4,431	3,628
Insurance	33,238	10,315	4,984	48,537	45,321
Interest	-	-	2,576	2,576	18,286
Licenses and fees	285	27	362	673	1,082
Training, seminars & workshops	1,250	-	2,209	3,459	2,430
Office & technology expenses	5,719	872	1,532	8,123	8,731
Postage	734	107	933	1,774	1,779
Professional fees	7,139	962	789	8,890	4,400
Program expenses	8,112	-	-	8,112	6,000
Animal food & supplies	26,897	-	-	26,897	24,577
Veterinary & farrier fees	24,564	-	-	24,564	16,108
Horse purchase	9,056	-	-	9,056	-
Repairs and maintenance	7,143	585	684	8,412	12,843
Telephone	2,087	256	341	2,684	2,520
Utilities	8,175	590	1,173	9,938	9,008
subtotal	574,086	92,911	155,082	822,079	791,515
Fundraising expenses	-	-	114,310	114,310	123,412
<b>Total expenses</b>	<b>\$574,086</b>	<b>92,911</b>	<b>269,392</b>	<b>936,389</b>	<b>914,927</b>

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



**Mane Stream, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2019**

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, therapy services and educational initiatives. The organization is a Premier Accredited Center by the Professional Association of Therapeutic Horsemanship International (PATH Int'l). 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 therapy services, New Jersey licensed physical, occupational and speech therapists treat clients in the organization's clinic and have the opportunity to use horses as a tool during treatment. The horse's movement can 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. 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.

d. Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application

**Mane Stream, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2019**

d. Net Assets, continued,

for tax exempt status, and any limits resulting from contractual agreements that are entered into in the course of its operations.

*Net Assets With Donor Restrictions*

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has past. Other donor-imposed restrictions are perpetual in nature, the organization must continue to use the resources in accordance with the donor's instructions.

The organization's endowment funds are included in this class.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

e. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. The financial assets available as of December 31, 2019 are:

Financial assets:

Cash	\$735,777
Accounts receivable	44,476
Total available	<u>\$780,253</u>

Less financial assets unavailable for operating expenditures within one year:

Restricted cash	25,075
Endowment funds	58,671
	<u>83,746</u>

Financial assets available for current year	<u><u>\$696,507</u></u>
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**Mane Stream, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2019**

1. Summary of Significant Accounting Policies, continued,

f. Income Taxes

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

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 250 individuals provided more than 8,852 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.

k. Subsequent Events

The Organization has evaluated subsequent events through June 24, 2020, which is the date the financial statements were available to be issued.



**Mane Stream, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2019**

2. 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	\$297,281
Buildings and improvements	892,143
Furniture and equipment	<u>212,739</u>
	1,402,163
Less accumulated depreciation	<u>(625,691)</u>
Property and equipment, net	<u><u>\$776,472</u></u>

Depreciation expense for the year was \$42,468.

3. 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.

4. Mortgage Payable

The Organization had a mortgage payable to First Hope Bank for the purchase of property in Readington, New Jersey. The loan was payable in monthly installments of \$2,720.78, including interest at 4.5%, and was secured by real property. In January, 2019, the property was sold and the balance of the mortgage was paid in full and the property liens were released.

5. 401K Plan

The Organization has a 401k plan for all eligible employees. Employer contributions to the plan in 2019 were 6% and totaled \$20,166.



**Mane Stream, Inc.**  
**Notes to Financial Statements**  
**For the year ended December 31, 2019**

6. Endowment Funds

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. A total of \$3,459 was spent from these funds in 2019.

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.

The Organization's tax and information returns are generally subject to examination by the taxing authorities for three years, including 2016, 2017 and 2018.

8. Subsequent Events - Coronavirus

The coronavirus pandemic and subsequent COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. Mane Stream closed for all programming, (riding lessons, therapy sessions, field trips, etc.) on Friday, March 13, 2020. Horse care and facility maintenance continues on the premises and the staff is working from home where possible. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, Mane Stream expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

Subsequent to year end, Mane Stream applied for and was granted a \$91,800 loan under the Paycheck Protection Program as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan, which was April 30, 2020. Mane Stream is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.