

Mane Stream, Inc.

Audited Financial Statements

Year ended December 31, 2020

Mane Stream, Inc.

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December 31, 2020

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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, 2020, 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.

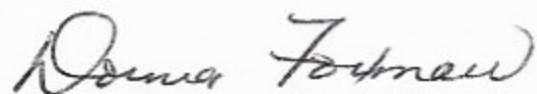
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2020, 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 2019 financial statements, and in my report dated June 24, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it was derived.



Donna Foxman, CPA

June 23, 2021

Mane Stream, Inc.
Statement of Financial Position
December 31, 2020
With Comparative Totals for 2019

	2020	2019
Assets:		
Cash	\$861,257	\$735,777
Accounts receivable	475	44,476
Prepaid expenses	16,012	4,080
Property and equipment, net	<u>758,856</u>	<u>776,472</u>
Total assets	<u><u>\$1,636,600</u></u>	<u><u>\$1,560,805</u></u>
Liabilities:		
Accounts payable and accrued expenses	80,216	11,781
Loan payable - PPP	<u>91,800</u>	<u>-</u>
Total liabilities	<u>172,016</u>	<u>11,781</u>
Net assets:		
Without donor restrictions	1,391,997	1,465,278
With donor restrictions	<u>72,587</u>	<u>83,746</u>
Total net assets	<u>1,464,584</u>	<u>1,549,024</u>
Total liabilities and net assets	<u><u>\$1,636,600</u></u>	<u><u>\$1,560,805</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, 2020
With Comparative Totals for 2019

	<u>Without donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Totals</u>	<u>2019 Totals</u>
Revenues and Support:				
Contributions	\$395,524	60,500	456,024	188,428
Bequests	79,509	-	79,509	31,101
Program revenue	98,870	-	98,870	239,940
Fundraising and special events	33,272	-	33,272	538,726
Interest income	2,380	-	2,380	3,059
Miscellaneous income	2,532	-	2,532	1,957
Realized gain (loss) on sale of property	-	-	-	(191,165)
Net assets released in satisfaction of donor restrictions	<u>71,659</u>	<u>(71,659)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>683,746</u>	<u>(11,159)</u>	<u>672,587</u>	<u>812,046</u>
Expenses:				
Program expenses	549,348	-	549,348	574,086
Administrative expenses	91,028	-	91,028	92,911
Development and fundraising costs	<u>116,651</u>	<u>-</u>	<u>116,651</u>	<u>269,392</u>
Total expenses	<u>757,027</u>	<u>-</u>	<u>757,027</u>	<u>936,389</u>
Increase (decrease) in net assets	(73,281)	(11,159)	(84,440)	(124,343)
Net assets, beginning of year	<u>1,465,278</u>	<u>83,746</u>	<u>1,549,024</u>	<u>1,673,367</u>
Net assets, end of year	<u><u>\$1,391,997</u></u>	<u><u>72,587</u></u>	<u><u>1,464,584</u></u>	<u><u>1,549,024</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, 2020
With Comparative Totals for 2019

	2020	2019
Cash flows from operating activities:		
Contributions, program, and fundraising revenue	\$706,956	\$1,017,303
Interest income	2,380	3,059
Cash paid to suppliers and employees	(652,098)	(877,764)
Interest paid	-	(2,576)
Net cash provided (used) by operating activities	<u>57,238</u>	<u>140,022</u>
Cash flows from investing activities:		
Purchase of building improvements, equipment	(23,558)	-
Proceeds from sale of land	-	288,835
Net cash provided (used) by investing activities	<u>(23,558)</u>	<u>288,835</u>
Cash flows from financing activities:		
Proceeds from borrowings	91,800	-
Payments on long term debt	-	(392,980)
Net cash provided (used) by financing activities	<u>91,800</u>	<u>(392,980)</u>
Increase (decrease) in cash	125,480	35,877
Cash at beginning of year	<u>735,777</u>	<u>699,900</u>
Cash at end of year	<u><u>\$861,257</u></u>	<u><u>\$735,777</u></u>
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	(\$84,440)	(\$124,343)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Loss on sale of property	-	191,165
Depreciation	41,174	42,468
(Increase) decrease in accounts receivable	44,001	17,151
(Increase) decrease in prepaid expenses	(11,932)	11,317
Increase (decrease) in accounts payable and accrued expenses	<u>68,435</u>	<u>2,264</u>
Net cash provided (used) by operating activities	<u><u>\$57,238</u></u>	<u><u>\$140,022</u></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, 2020
With Comparative Totals for 2019

	Program Expenses	Administrative Expenses	Development & Fundraising	2020 Expenses	2019 Expenses
Salaries	\$331,674	63,543	70,519	465,736	482,869
Payroll taxes	26,464	5,904	6,634	39,002	40,641
Employee benefits	29,676	5,685	6,310	41,671	40,606
Outside services	4,572	727	683	5,982	5,778
Development & Software contracts	4,959	776	6,533	12,268	26,034
Advertising	50	-	1,735	1,785	6,434
Bank and credit card fees	2,461	137	1,791	4,389	6,675
Depreciation	29,322	5,618	6,234	41,174	42,468
Dues and subscriptions	2,101	53	48	2,202	2,447
Equipment rental and expenses	4,592	-	-	4,592	4,431
Insurance	40,217	3,415	3,305	46,937	48,537
Interest	-	-	-	-	2,576
Licenses and fees	459	80	1,643	2,182	673
Training, seminars & workshops	1,836	227	254	2,317	3,459
Office & technology expenses	1,598	2,102	857	4,557	8,123
Postage	178	62	386	626	1,774
Professional fees	3,928	485	437	4,850	8,890
Program expenses	5,356	-	-	5,356	8,112
Animal food & supplies	24,721	-	-	24,721	26,897
Veterinary & farrier fees	17,640	-	-	17,640	24,564
Horse purchase	-	-	-	-	9,056
Repairs and maintenance	8,569	735	673	9,977	8,412
Telephone	2,658	388	359	3,405	2,684
Utilities	6,317	1,091	998	8,406	9,938
subtotal	549,348	91,028	109,399	749,775	822,079
Fundraising expenses	-	-	7,252	7,252	114,310
Total expenses	\$549,348	91,028	116,651	757,027	936,389

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

Mane Stream, Inc.
Notes to Financial Statements
For the year ended December 31, 2020

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, 2020

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, 2020 are:

Financial assets:	
Cash	\$861,257
Accounts receivable	475
Total available	<u>\$861,732</u>
Less financial assets unavailable for operating expenditures within one year:	
Donor restricted cash	\$22,200
Endowment funds	56,387
Total unavailable	<u>\$78,587</u>
Financial assets available for current year	<u><u>\$783,145</u></u>

The cash balance of \$22,200 includes a restricted donation of \$6,000 which is recorded in deferred revenue.

Mane Stream, Inc.
Notes to Financial Statements
For the year ended December 31, 2020

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 2,125 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 23, 2021, 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, 2020

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	915,701
Furniture and equipment	211,298
	<u>1,424,280</u>
Less accumulated depreciation	<u>(665,424)</u>
Property and equipment, net	<u><u>\$758,856</u></u>

Depreciation expense for the year was \$41,174.

3. Cash Accounts

The Organization has several bank accounts at Peapack-Gladstone Bank. 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.

The Organization also has two money market mutual funds at Merrill Lynch. The market value of these funds is equal to their cost basis.

4. Loan Payable - PPP

On April 29, 2020, Mane Stream 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. Per revised loan terms, the loan has an interest rate of 1% and has a maturity of two years. Loan payments will be deferred for borrowers who apply for loan forgiveness until SBA remits the borrower's loan forgiveness amount to the lender. Mane Stream applied for full forgiveness and expects to receive approval. (see note 9)

5. 401K Plan

The Organization has a 401k plan for all eligible employees. Employer contributions to the plan in 2020 totaled \$21,364.

Mane Stream, Inc.
Notes to Financial Statements
For the year ended December 31, 2020

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 \$2,317 was spent from these funds in 2020. The balance of these funds at December 31, 2020 was \$56,387.

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 2017, 2018 and 2019.

8. Impact of COVID-19

2020 was a very tough year for Mane Stream. The pandemic negatively influenced every area of our operations. We closed on March 13, 2020 and did not reopen until June 8, 2020. During our closure we increased our social media and online presence in an effort to remain connected to our participants, volunteers and community. We were able to welcome back a very small percentage of our riders and clients in June and have been reopening in phases since that time. On July 6 we welcomed our summer campers for 7 weeks in a much reduced program. In October, 2020, we moved to Phase 3 of our 4 phase reopening program, which is where we will stay until we are able to welcome everyone back to Mane Stream.

We were not able to hold either of our major fundraising events during 2020, leading to a major loss of revenue. We did receive a PPP loan which helped mitigate some of our loss revenue and in addition, we increased the number of appeals we did through the year which yielded an increase in gifts from individual donors. We were forced to downsize our staff in response to the drop in participants and programs. One position in the development department was eliminated and half of our therapists were laid off.

Mane Stream, Inc.
Notes to Financial Statements
For the year ended December 31, 2020

8. Impact of COVID-19, continued,

Mane Stream was able to, and continues to be able to, weather the pandemic because we were in a good financial position when the crisis started, we kept a tight rein on our expenses and our donors stepped up to support us and most importantly, our participants.

9. Subsequent Events

Subsequent to year end, Mane Stream applied for and was granted a second loan under the Paycheck Protection Program as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The \$105,645 loan was received February 11, 2021 and has a maturity of five years. Interest is accrued at 1% and payments will be deferred for borrowers who apply for loan forgiveness. Mane Stream plans to apply for and receive full forgiveness.

In April, 2021, Mane Stream received forgiveness of the initial loan under the Paycheck Protection Program which totaled \$91,800 (see note 4). The loan has been legally released and the full amount will be recorded as revenue in 2021.