

Mane Stream, Inc.

Audited Financial Statements

Year ended December 31, 2018

Mane Stream, Inc.

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December 31, 2018

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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, 2018, 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, 2018, 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 2017 financial statements, and in my report dated April 5, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it was derived.



Donna Foxman, CPA

May 13, 2019

Mane Stream, Inc.
Statement of Financial Position
December 31, 2018
With Comparative Totals for 2017

	2018	2017
Assets:		
Cash	\$699,900	\$648,513
Accounts receivable	61,627	2,988
Prepaid expenses	15,397	5,432
Property and equipment, net	<u>1,298,940</u>	<u>1,281,645</u>
Total assets	<u><u>\$2,075,864</u></u>	<u><u>\$1,938,578</u></u>
Liabilities:		
Accounts payable and accrued expenses	9,517	8,302
Mortgage payable	<u>392,980</u>	<u>407,344</u>
Total liabilities	<u>402,497</u>	<u>415,646</u>
Net assets:		
Without donor restrictions	1,554,228	1,369,863
With donor restrictions	<u>119,139</u>	<u>153,069</u>
Total net assets	<u>1,673,367</u>	<u>1,522,932</u>
Total liabilities and net assets	<u><u>\$2,075,864</u></u>	<u><u>\$1,938,578</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, 2018
With Comparative Totals for 2017

	<u>Without donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Totals</u>	<u>2017 Totals</u>
Revenues and Support:				
Contributions	\$125,279	42,500	167,779	113,906
Bequests	15,629	-	15,629	85,845
Program revenue	229,705	-	229,705	196,011
Fundraising and special events	644,995	-	644,995	533,695
Interest income	1,796	-	1,796	655
Miscellaneous income	5,458	-	5,458	2,067
Net assets released in satisfaction of donor restrictions	<u>76,430</u>	<u>(76,430)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>1,099,292</u>	<u>(33,930)</u>	<u>1,065,362</u>	<u>932,179</u>
Expenses:				
Program expenses	528,464	-	528,464	463,178
Administrative expenses	95,879	-	95,879	105,494
Development and fundraising costs	<u>290,584</u>	<u>-</u>	<u>290,584</u>	<u>241,628</u>
Total expenses	<u>914,927</u>	<u>-</u>	<u>914,927</u>	<u>810,300</u>
Increase (decrease) in net assets	184,365	(33,930)	150,435	121,879
Net assets, beginning of year	<u>1,369,863</u>	<u>153,069</u>	<u>1,522,932</u>	<u>1,401,053</u>
Net assets, end of year	<u><u>\$1,554,228</u></u>	<u><u>119,139</u></u>	<u><u>1,673,367</u></u>	<u><u>1,522,932</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, 2018
With Comparative Totals for 2017

	2018	2017
Cash flows from operating activities:		
Contributions, program, and fundraising revenue	\$1,004,927	\$930,917
Interest income	1,796	655
Cash paid to suppliers and employees	(866,460)	(777,744)
Interest paid	(18,286)	(18,927)
Net cash provided (used) by operating activities	<u>121,977</u>	<u>134,901</u>
Cash flows from investing activities:		
Purchase of building improvements, equipment	(56,226)	(22,268)
Net cash provided (used) by investing activities	<u>(56,226)</u>	<u>(22,268)</u>
Cash flows from financing activities:		
Repayment of long term debt	(14,364)	(13,722)
Net cash provided (used) by financing activities	<u>(14,364)</u>	<u>(13,722)</u>
Increase (decrease) in cash	51,387	98,911
Cash at beginning of year	<u>648,513</u>	<u>549,602</u>
Cash at end of year	<u><u>\$699,900</u></u>	<u><u>\$648,513</u></u>
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	\$150,435	\$121,879
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	38,931	35,964
(Increase) decrease in accounts receivable	(58,639)	(607)
(Increase) decrease in prepaid expenses	(9,965)	(437)
Increase (decrease) in accounts payable and accrued expenses	<u>1,215</u>	<u>(21,898)</u>
Net cash provided (used) by operating activities	<u><u>\$121,977</u></u>	<u><u>\$134,901</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, 2018
With Comparative Totals for 2017**

	Program Expenses	Administrative Expenses	Development & Fundraising	2018 Expenses	2017 Expenses
Salaries	\$325,369	66,795	99,416	491,580	436,838
Payroll taxes	26,356	7,048	10,046	43,450	41,432
Employee benefits	14,828	3,823	15,353	34,004	21,637
Outside services	2,979	1,513	1,297	5,789	4,464
Development & Software contracts	6,376	904	4,057	11,337	11,526
Advertising	602	-	1,774	2,376	2,045
Bank and credit card fees	4,537	84	526	5,147	4,624
Depreciation	29,297	4,947	4,687	38,931	35,964
Dues and subscriptions	2,081	56	51	2,188	3,877
Equipment rental and expenses	3,617	6	5	3,628	1,625
Insurance	34,420	5,728	5,173	45,321	42,479
Interest	-	-	18,286	18,286	18,927
Licenses and fees	635	116	331	1,082	787
Meetings, seminars & workshops	1,340	541	549	2,430	2,203
Office & technology expenses	6,000	1,098	1,633	8,731	12,848
Postage	564	102	1,113	1,779	844
Professional fees	3,325	559	516	4,400	4,400
Program expenses	6,000	-	-	6,000	5,949
Animal food & supplies	24,577	-	-	24,577	23,686
Veterinary & farrier fees	16,108	-	-	16,108	18,158
Real estate taxes	-	-	-	-	567
Repairs and maintenance	11,404	375	1,064	12,843	9,626
Telephone	1,806	420	294	2,520	2,540
Utilities	6,243	1,764	1,001	9,008	11,211
subtotal	528,464	95,879	167,172	791,515	718,257
Fundraising expenses	-	-	123,412	123,412	92,043
Total expenses	\$528,464	95,879	290,584	914,927	810,300

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

Mane Stream, Inc.
Notes to Financial Statements
For the year ended December 31, 2018

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. Change in Accounting Principle

For the year 2018, the Organization implemented FASB ASU 2016-14, "Presentation of Financial Statements for Not-for-Profit Entities". The Organization has adjusted the presentation of its financial statements accordingly, applying the changes to the comparative period presented. The new standards change the following aspects in the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single asset called "net assets with donor restrictions".
- The unrestricted net asset class has been renamed "net assets without donor restrictions".

Mane Stream, Inc.
Notes to Financial Statements
For the year ended December 31, 2018

d. Change in Accounting Principle, continued,

The changes have the following effect on net assets at December 31, 2017:

Net asset Class	As originally presented	After adoption of ASC 2016-14
Unrestricted net assets	1,369,863	
Temporarily restricted net assets	88,069	
Permanently restricted net assets	65,000	
Net assets without donor restrictions		1,369,863
Net assets with donor restrictions		153,069
	<u>\$1,522,932</u>	<u>\$1,522,932</u>

In addition, certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

e. 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 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.

Mane Stream, Inc.
Notes to Financial Statements
For the year ended December 31, 2018

f. 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, 2018 are:

Financial assets:

Cash	\$699,900
Accounts receivable	61,627
Total available	<u>\$761,527</u>

Less financial assets unavailable for operating expenditures within one year:

Capital for mortgage and expenses	56,629
Endowment funds	62,510
	<u>119,139</u>

Financial assets available for current year	<u><u>\$642,388</u></u>
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g. Income Taxes

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

h. Donated Assets

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

i. 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.

Mane Stream, Inc.
Notes to Financial Statements
For the year ended December 31, 2018

1. Summary of Significant Accounting Policies, continued

j. 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 358 individuals provided more than 10,360 hours to assist the Organization in their program activities and various special events and fundraising activities.

k. Advertising

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

l. Subsequent Events

The Organization has evaluated subsequent events through May 13, 2019, which is the date the financial statements were available to be issued.

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	\$777,281
Buildings and improvements	892,143
Furniture and equipment	<u>212,739</u>
	1,882,163
Less accumulated depreciation	<u>(583,223)</u>
Property and equipment, net	<u><u>\$1,298,940</u></u>

Depreciation expense for the year was \$38,931.

Mane Stream, Inc.
Notes to Financial Statements
For the year ended December 31, 2018

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

In June, 2011, the Organization revised an existing mortgage with First Hope Bank for the purchase of property in Readington, New Jersey. The loan is payable monthly, in the amount of \$2,720.78 through June, 2036, and carries an interest rate of 4.5%. The mortgage is secured by real property. The loan balance at December 31, 2018 was \$392,980.

On January 29, 2019, the remaining land was sold at a loss. The mortgage was paid in full and the property liens were released. See footnote 8.

5. 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 \$2,028 was spent from these funds in 2018.

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 2018 were 5% and totaled \$18,100.

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, 2018

7. Income Taxes, continued,

The Organization's tax and information returns are generally subject to examination by the taxing authorities for three years, including 2015, 2016 and 2017.

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 remained). See footnote 4.