

EQUINE ASSISTED THERAPY ALASKA

FINANCIAL STATEMENTS
(With Independent Auditor's Report Thereon)

YEAR ENDED DECEMBER 31, 2015



PORTER & ALLISON
INC
CERTIFIED PUBLIC ACCOUNTANTS

EQUINE ASSISTED THERAPY ALASKA

FINANCIAL STATEMENTS

(With Independent Auditor's Report Thereon)

YEAR ENDED DECEMBER 31, 2015

EQUINE ASSISTED THERAPY ALASKA

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Independent Auditor's Report

To the Board of Directors of
Equine Assisted Therapy Alaska
Anchorage, Alaska

We have audited the accompanying financial statements of Equine Assisted Therapy Alaska, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows 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 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Equine Assisted Therapy Alaska as of December 31, 2015, 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.

Porter & Allison, Inc.

Anchorage, Alaska
May 10, 2016

EQUINE ASSISTED THERAPY ALASKA

Statement of Financial Position

December 31, 2015

Assets

Current Assets:

Cash and cash equivalents	\$ 187,240
Accounts receivable	2,200
Total Current Assets:	<u>189,440</u>

Cash, donor restricted for equipment and scholarships	3,650
Construction in progress, donor restricted for coverall	263,642
Property and equipment, net	19,198
Total Assets	<u><u>\$ 475,930</u></u>

Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 14,561
Accrued liabilities	1,563
Total Current Liabilities	<u>16,124</u>

Net Assets:

Unrestricted Net Assets:	
Designated for property and equipment, net	19,198
Designated for coverall	26,242
Designated for operations	255,832
Total Unrestricted Net Assets	<u>301,272</u>
Temporarily restricted net assets	<u>158,534</u>
Total Net Assets	<u>459,806</u>
Total Liabilities and Net Assets	<u><u>\$ 475,930</u></u>

See accompanying notes to financial statements.

EQUINE ASSISTED THERAPY ALASKA

Statement of Activities
Year Ended December 31, 2015

Change in Net Assets:	
Change in Unrestricted Net Assets:	
Support and Revenue:	
Support:	
Individuals	\$ 12,386
Corporations	5,486
Foundations	38,248
Gifts in kind	1,425
Special events	47,057
Total Support	<u>104,602</u>
Revenue:	
Fees and services	18,136
Interest income	109
Total Revenue	<u>18,245</u>
Total Support and Revenue	<u>122,847</u>
Expenses:	
Program	<u>108,190</u>
Support Services:	
Management and general	20,569
Fundraising	58,125
Total Support Services	<u>78,694</u>
Total Expenses	<u>186,884</u>
Change in Unrestricted Net Assets	(64,037)
Unrestricted Net Assets, Beginning of Year	<u>365,309</u>
Unrestricted Net Assets, End of Year	<u>301,272</u>
Change in Temporarily Restricted Net Assets:	
Contributed support for coverall	25,000
Other purpose restricted donations - individuals	370
Other purpose restricted donations - corporations	<u>3,280</u>
Change in Temporarily Restricted Net Assets	28,650
Temporarily Restricted Net Assets, Beginning of Year	<u>129,884</u>
Temporarily Restricted Net Assets, End of Year	<u>158,534</u>
Change in Net Assets	(35,387)
Total Net Assets	<u>\$ 459,806</u>

See accompanying notes to financial statements.

EQUINE ASSISTED THERAPY ALASKA

Statement of Functional Expenses

Year Ended December 31, 2015

	Program Services	Support Services		Total
		Management & General	Fund Raising	
Payroll	\$ 30,568	9,805	10,058	50,431
Professional services	20,638	6,565	11,877	39,080
Horse caretaking	37,953	-	-	37,953
Special events	-	-	23,254	23,254
Depreciation	2,277	-	-	2,277
Insurance	4,106	2,082	557	6,745
Rental and maintenance costs	5,110	369	369	5,848
Development	320	319	3,728	4,367
Subscriptions and memberships	2,689	314	500	3,503
Advertising and Marketing	373	226	2,886	3,485
Printing	1,354	41	956	2,351
Postage	73	96	1,953	2,122
Telephone	1,034	424	424	1,882
Banking fees	416	165	1,247	1,828
Travel	965	121	120	1,206
Awards and recognition	145	-	169	314
Supplies	169	42	27	238
	<u>\$ 108,190</u>	<u>20,569</u>	<u>58,125</u>	<u>186,884</u>

See accompanying notes to financial statements.

EQUINE ASSISTED THERAPY ALASKA

Statement of Cash Flows

Year Ended December 31, 2015

Cash Flows from Operating Activities:	
Change in net assets	\$ (35,387)
Adjustments to reconcile change in net assets to net cash flows for operating activities:	
Depreciation	2,277
Contributed capital for coverall	(25,000)
Contributed equipment and scholarships	(3,650)
Decrease (increase) in assets:	
Accounts receivable	800
Increase (decrease) in liabilities:	
Accounts payable	4,045
Accrued liabilities	(1,452)
Net Cash Flows from Operating Activities	<u>(58,367)</u>
Cash Flows from Investing Activities:	
Additions to construction in progress - coverall	(37,478)
Purchases of equipment	(13,500)
Net Cash Flows from Investing Activities	<u>(50,978)</u>
Cash Flows from Financing Activities:	
Contributed capital for coverall	25,000
Net Decrease in Cash and Cash Equivalents	(84,345)
Cash and Cash Equivalents, Beginning of Year	<u>271,585</u>
Cash and Cash Equivalents, End of Year	<u>\$ 187,240</u>

See accompanying notes to financial statements.

EQUINE ASSISTED THERAPY ALASKA

Notes to Financial Statements

December 31, 2015

Note 1 - Nature of Operations

Equine Assisted Therapy Alaska, Inc. (EATA) was incorporated as a nonprofit organization under Alaska State Law in 2002. EATA's objective is to provide physically, mentally and emotionally challenged individuals an opportunity for emotional and physical growth through horsemanship.

EATA operations are sustained through donations, memberships, and program revenue. At time EATA also receives federal, State of Alaska and municipal capital grants and supports.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of EATA have been prepared on the accrual basis of accounting, consistent with accounting principle generally accepted in the United States of America.

Income Taxes

EATA is a tax-exempt corporation under Section 501(c) (3) of the Internal Revenue Code with no identifiable unrelated business income. Accordingly, no provision for federal income taxes is included in the financial statements.

Basis of Presentation

The accompanying financial statements follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification; EATA is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets represent that portion of net assets of EATA that are neither permanently nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represent assets EATA whose use is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled by actions of EATA. When the stipulated time restriction ends or action is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from program restrictions.

Permanently restricted net assets represent the part of the net assets from contributions whose use by EATA is limited by donor-imposed stipulations that neither expire by the passage of time, nor can be otherwise removed by actions of EATA.

Program Activities

EATA pursues its mission of improving the health and quality of life for children and adults who are living with physical, emotional and cognitive disabilities through a number of equine-assisted activities and therapies, including therapeutic riding, hippotherapy, equine-facilitated mental health, competition, ground work and stable management. In current development are programs designed to assist wounded warriors, military groups, families, business groups and foster care/ residential treatment facilities. EATA is also working to develop a Therapeutic Driving program.

EQUINE ASSISTED THERAPY ALASKA

Notes to Financial Statements

December 31, 2015

Support, Revenue, and Promise to Give

Unconditional promises to give are recognized 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.

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

Support Service

Support Service includes:

Management and General - provides for the overall coordination and articulation of the Organizations' mission and strategies through the Executive Director, facilitates administrative functioning of the Board of Directors; arrange legal services necessary for program administration; and provides business and financial management for all EATAs activities.

Fundraising - Encourages and secures financial support from individuals, foundations, and other organizations. Facilitates special events designed to raise funds for specific program purposes or in support of general operations.

Functional Expenses

Expenses are charged to program and supporting services on the basis of direct identification of expenditures made, periodic time and expenses studies. Expenses not directly chargeable are allocated based on estimates of actual usage.

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 disclosures 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.

Concentration of Credit Risk

EATA maintains its cash in bank deposit accounts, which at time may exceed federally insured limits. The organization has not experienced any losses in such accounts and believe it is not exposed to any significant credit risk on cash and cash equivalents

EQUINE ASSISTED THERAPY ALASKA

Notes to Financial Statements

December 31, 2015

Fair Value Measurements

Financial instruments carried at fair value have been classified as Level 1, for disclosure purposes, based on the hierarchy defined by generally accepted accounting principles. Level 1 financial instruments have values that can be measured against unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement dates.

Cash and Cash Equivalents

EATA includes cash on deposit, cash on hand, money market accounts, certificates of deposits, if any, and short-term investments with original maturities less than three months, if any, to be cash and cash equivalents. Temporarily restricted cash consists of amounts donated for use in the overall project and restricted equipment.

Pledges and Accounts Receivable

Pledges and accounts receivable are collectible within one year and are recorded net of an allowance for uncollectible amounts. Management believes all amounts to be collectible; accordingly, no provision for uncollectible pledges has been made.

Property, Plant & Equipment

Items of property, plant, and equipment, in excess of \$1,000, are capitalized at cost, if purchased or at fair market value at the date of donation. Donation of property, plant, and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets purchased with explicit restrictions regarding their use are reported as restricted support. Absent donor stipulation regarding how long those donated assets must be maintained, EATA reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. EATA reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is taken over the estimated useful lives of the assets on a straight-line basis over the estimated useful lives of the assets. Property, plant, and equipment are depreciated over a range of 7 to 10 years.

Advertising

Non direct response advertising costs are expensed as incurred.

Subsequent Events

Subsequent events have been evaluated by management through May 10, 2016, which is the date the financial statements were issued.

EQUINE ASSISTED THERAPY ALASKA

Notes to Financial Statements

December 31, 2015

Note 3 - Cash and Cash Equivalents and Donor Restricted Cash

Cash balances are as follows at December 31, 2015:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Cash	\$ 190,625	\$ 222,337
Cash on-hand	<u>265</u>	<u>-</u>
	\$ <u>190,890</u>	\$ <u>222,337</u>

EATA maintain accounts at a single financial institution, where amounts on deposit are insured by the Federal Deposit Insurance Corporation (FDIC). Balances do not exceed FDIC limits at December 31, 2015. Of the carrying cash value, \$3,650 is temporarily restricted for equipment and scholarships.

Note 4 - Property and Equipment

Property and equipment at December 31, 2015 consist of:

Horses	\$ 23,000
Trailer	<u>8,700</u>
	31,700
Less accumulated depreciation	<u>(12,502)</u>
Property and equipment, net	\$ <u>19,198</u>

Depreciation expense for the year ended December 31, 2015 was \$2,277.

Note 5 – Construction in Progress

Construction in progress consists of \$263,642 of design, engineering, and materials for EATA's overall funded through temporarily restricted donations.

Note 6 - Income Tax

EATA records interest and penalties associated with income tax expenses as incurred. With few exceptions, EATA is no longer subject to examinations by federal and state tax authorities for years before December 31, 2013.

Note 7 - Contingencies

In the ordinary course of business, EATA may be involved in legal actions incidental to its operations. In the opinion of management, the ultimate liability, if any, of such actions will not materially affect EATA's financial statements. Some grants and donations restrict the use of its moneys to carrying out contract programs. The final expenditures are subject to examination by the grantors or donors. Management does not expect the amount, if any, of expenditures, which may be disallowed by the granting agency or donor to be material to the financial statements.