



NORTHLAND THERAPEUTIC RIDING CENTER
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

Accounting Solutions Group, LLC
816-646-9502

6910 North Holmes St. Suite 300
Gladstone, MO 64118

NORTHLAND THERAPEUTIC RIDING CENTER

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Independent Auditor's Report

Board of Directors
Northland Therapeutic Riding Center
Kearney, Missouri

Opinion

We have audited the accompanying financial statements of Northland Therapeutic Riding Center (a nonprofit organization), which comprise the statements of net position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northland Therapeutic Riding Center as of December 31, 2021 and 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northland Therapeutic Riding Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northland Therapeutic Riding Center ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northland Therapeutic Riding Center internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northland Therapeutic Riding Center ability to continue as a going concern for a reasonable period of time.



Accounting Solutions Group, LLC

June 20, 2022
Gladstone, Missouri

NORTHLAND THERAPEUTIC RIDING CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash	\$ 323,406	\$ 107,698
Prepaid Expenses	1,992	943
Total Current Assets	325,398	108,641
Fixed Assets		
Land	230,000	230,000
Land Improvements	17,150	-
Buildings	369,877	369,877
Machinery & Equipment	92,373	77,209
Vehicles	18,300	18,300
Accumulated Depreciation	(120,724)	(90,183)
Total Fixed Assets	606,976	605,203
Total Assets	\$ 932,374	\$ 713,844
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payroll Taxes Payable	\$ 5,024	\$ 1,809
Accrued Wages	4,547	2,791
Line of Credit	-	6,384
Total Current Liabilities	9,571	10,984
Long Term Liabilities		
Note Payable	35,000	45,000
Total Long Term Liabilities	35,000	45,000
Total Liabilities	44,571	55,984
Net Assets		
Without Donor Restrictions	762,076	657,860
With Donor Restrictions	125,727	-
Total Net Assets	887,803	657,860
Total Liabilities and Net Assets	\$ 932,374	\$ 713,844

See Accompanying Notes to the Financial Statements.

NORTHLAND THERAPEUTIC RIDING CENTER
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
INCOME			
Contributions - Individual and Corporations	\$ 93,738	\$ 247,756	\$ 341,494
In-Kind Contributions	76,341	-	76,341
Program Fees	103,233	-	103,233
Special Events	132,477	-	132,477
Event Expenses	(29,362)	-	(29,362)
Other	4,595	-	4,595
Satisfaction of Program Restrictions	122,029	(122,029)	-
Total Income	<u>503,051</u>	<u>125,727</u>	<u>628,778</u>
EXPENSES			
Program	304,028	-	304,028
Administrative	79,057	-	79,057
Fundraising	15,750	-	15,750
Total Expenses	<u>398,835</u>	<u>-</u>	<u>398,835</u>
Increase (Decrease) in Net Assets	104,216	125,727	229,943
Net Assets, Beginning of Year	<u>657,860</u>	<u>-</u>	<u>657,860</u>
Net Assets, End of Year	<u>\$ 762,076</u>	<u>\$ 125,727</u>	<u>\$ 887,803</u>

See Accompanying Notes to the Financial Statements.

NORTHLAND THERAPEUTIC RIDING CENTER
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
INCOME			
Contributions - Individual and Corporations	\$ 46,473	\$ 85,827	\$ 132,300
In-Kind Contributions	39,699	-	39,699
Program Fees	95,573	-	95,573
Special Events	86,262	-	86,262
Event Expenses	(16,893)	-	(16,893)
Other	10,453	-	10,453
PPP Loan Forgiveness	17,500	-	17,500
Satisfaction of Program Restrictions	95,827	(95,827)	-
Total Income	<u>374,894</u>	<u>(10,000)</u>	<u>364,894</u>
EXPENSES			
Program	197,032	-	197,032
Administrative	63,929	-	63,929
Fundraising	6,354	-	6,354
Total Expenses	<u>267,315</u>	<u>-</u>	<u>267,315</u>
Increase (Decrease) in Net Assets	107,579	(10,000)	97,579
Net Assets, Beginning of Year	<u>550,281</u>	<u>10,000</u>	<u>560,281</u>
Net Assets, End of Year	<u>\$ 657,860</u>	<u>\$ -</u>	<u>\$ 657,860</u>

See Accompanying Notes to the Financial Statements.

NORTHLAND THERAPEUTIC RIDING CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2021

	Program	Administrative	Fundraising	Total
Salaries	\$ 136,659	\$ 28,966	\$ -	\$ 165,625
In-Kind Expenses	62,529	12,203	8,685	83,417
Repairs and Maintenance	28,151	10,837	-	38,988
Depreciation	22,906	7,635	-	30,541
Payroll Taxes	12,548	2,353	-	14,901
Horse Care	14,520	-	-	14,520
Insurance	6,045	5,199	231	11,475
Professional Fees	2,745	2,755	2,748	8,248
Volunteer Training and Expense	4,144	958	-	5,102
Utilities	2,303	1,824	-	4,127
Miscellaneous	3,537	208	-	3,745
Dues and Subscriptions	1,470	1,196	-	2,666
Bank Service Charges	693	855	922	2,470
Telephone	621	1,230	531	2,382
Program Expense	900	-	1,306	2,206
Advertising	660	691	660	2,011
Office Expenses	539	1,064	275	1,878
Supplies	1,475	294	18	1,787
Travel	1,306	50	-	1,356
Postage and Printing	224	739	374	1,337
Interest Expense	53	-	-	53
Total Expenses	\$ 304,028	\$ 79,057	\$ 15,750	\$ 398,835

See Accompanying Notes to the Financial Statements.

NORTHLAND THERAPEUTIC RIDING CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2020

	Program	Administrative	Fundraising	Total
Salaries	\$ 97,718	\$ 19,279	\$ -	\$ 116,997
In-Kind Expenses	37,701	1,420	-	39,121
Depreciation	14,066	5,965	-	20,031
Repairs and Maintenance	10,071	8,044	-	18,115
Horse Care	12,953	-	-	12,953
Professional Fees	3,228	4,005	3,228	10,461
Insurance	4,972	4,972	-	9,944
Payroll Taxes	4,534	4,854	-	9,388
Supplies	1,837	3,501	-	5,338
Utilities	1,368	1,629	1,302	4,299
Volunteer Training and Expense	3,504	-	-	3,504
Program Expense	2,571	857	-	3,428
Telephone	879	879	879	2,637
Miscellaneous	821	1,335	-	2,156
Advertising	660	660	660	1,980
Bank Service Charges	-	1,904	-	1,904
Dues and Subscriptions	-	1,838	-	1,838
Office Expenses	149	1,016	155	1,320
Postage and Printing	-	1,104	130	1,234
Interest Expense	-	484	-	484
Travel	-	183	-	183
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 197,032</u>	<u>\$ 63,929</u>	<u>\$ 6,354</u>	<u>\$ 267,315</u>

See Accompanying Notes to the Financial Statements.

NORTHLAND THERAPEUTIC RIDING CENTER
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 229,943	\$ 97,579
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	30,541	20,031
Current Assets (Increase) Decrease		
Accounts Receivable	-	94
Prepaid Expenses	(1,049)	(138)
Current Liabilities Increase (Decrease)		
Line of Credit	(6,384)	(4,755)
Accrued Wages	1,756	765
Payroll Taxes Payable	3,215	(3,842)
Net Cash Provided (Used) by Operating Activities	<u>258,022</u>	<u>109,734</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in Fixed Assets	<u>(32,314)</u>	<u>(67,169)</u>
Net Cash Used by Investing Activities	<u>(32,314)</u>	<u>(67,169)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) in Note Payable	<u>(10,000)</u>	<u>(5,000)</u>
Net Cash Used by Financing Activities	<u>(10,000)</u>	<u>(5,000)</u>
Net Increase (Decrease) in Cash	215,708	37,565
Cash, Beginning of Year	<u>107,698</u>	<u>70,133</u>
Cash, End of Year	<u><u>\$ 323,406</u></u>	<u><u>\$ 107,698</u></u>

See Accompanying Notes to the Financial Statements.

NORTHLAND THERAPEUTIC RIDING CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – ORGANIZATION

Northland Therapeutic Riding Center (the Organization) was founded in 2000. Therapeutic riding uses equine-oriented activities to positively impact the cognitive, physical, emotional, and social well-being of people with special needs. The horse is a unique therapy tool in that its walk is rhythmic and repetitive and encourages movement responses in riders that are similar to human movement patterns of the pelvis while walking.

At the Organization, therapeutic riding is implemented by licensed physical, occupational, and speech therapists and certified therapeutic riding instructors. The staff has more than 25 years working with individuals with special needs. Therapeutic riding is recognized by the American Physical Therapy Association and the American Occupational Therapy Association.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization uses the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. Expenditures for property and equipment are reflected as increases in assets and then depreciated.

Under accounting standards for not-for-profit organizations, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assts Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the Statement of Activities as net assets released from restrictions.

NORTHLAND THERAPEUTIC RIDING CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net assets with donor restrictions includes net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization has no net assets with donor restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is exempt from State income tax under a similar provision of state law. As of December 31, 2021, no amounts have been recognized for uncertain income tax positions. The Organization's returns for the 2018 fiscal year and forward are subject to the usual review by the appropriate authorities.

Support and Services

Contributions received are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor 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 activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of property, equipment, or inventory as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At December 31, 2021 and 2020, the Organization had no cash equivalents.

NORTHLAND THERAPEUTIC RIDING CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment

Major property and equipment purchases that have a useful life of greater than one year have been capitalized. Property and equipment are recorded at cost, if purchased and at fair market value as established by the donor, if donated. Property and equipment are being depreciated over their appropriate useful lives on a straight-line basis.

During 2016, the land and buildings on which the operations are conducted were donated to the Organization by the owner. The property consisted of the land, house, and farm building to house the horses and administer the program. An appraisal was performed on the property, and the land and buildings were valued at \$470,000.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

Reclassifications

Certain items previously reported in the prior year consolidated statements of financial position, statement of activities and changes in net assets have been reclassified to conform to the current financial statement presentation.

Subsequent Events

Subsequent events have been evaluated through May 31, 2022, which is the date the financial statements were issued.

Functional Allocation of Expenses

The costs of providing the various programs, fundraising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program, administrative and fundraising activities benefited.

NORTHLAND THERAPEUTIC RIDING CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 3 – DONATED MATERIALS AND SERVICES

The Organization records donations of property, equipment, or inventory as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

During the year ended December 31, 2021, volunteers with varying skills contributed approximately 6,156 hours of service to the Organization's programs and services. During the year ended December 31, 2020, volunteers with varying skills contributed approximately 3,990 hours of service to the Organization's programs and services. The value of these hours is not included in the Statement of Activities as In-Kind Contributions with an offsetting expense included in In-Kind Service Expense.

NOTE 4 – LINE OF CREDIT

In July 2016, the Organization entered into \$50,000 line of credit agreement with a local bank. The line of credit had a two-year term and matures on 9/8/21. The interest rate associated with the agreement is 4.85% and the Organization makes interest payments monthly. As of December 31, 2021, the amount drawn on the line of credit was \$0, as of December 31, 2020, the amount drawn on the line of credit was \$6,384. The loan was paid off in January of 2021.

NOTE 5 – NOTE PAYABLE – BOARD MEMBER

The Organization borrowed \$50,000 from a board member in 2012. The note is a non-interest-bearing note renewable on an annual basis. The note is unsecured. The balance of the note as of December 31, 2021 is \$35,000.

NORTHLAND THERAPEUTIC RIDING CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 6 – PROPERTY AND EQUIPMENT

At December 31, 2021 and 2020, fixed assets consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 230,000	\$ 230,000
Land Improvements	17,150	-
Buildings	369,877	369,877
Machinery and Equipment	92,373	77,209
Vehicles	<u>18,300</u>	<u>18,300</u>
	710,550	695,386
Less: Accumulated Depreciation	<u>(122,846)</u>	<u>(90,183)</u>
Total Property and Equipment	<u>\$ 604,854</u>	<u>\$ 605,203</u>

Depreciation for the year totaled \$32,664 in 2021 and \$20,031 in 2020.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent contributions or grants that have been received, but the associated expenses have not been incurred.

As of December 31, with donor restrictions net assets are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Enclosure of Riding Stable	\$ 125,727	\$ -
	<u>\$ 125,727</u>	<u>\$ -</u>

During the years ended December 31, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows:

	<u>2021</u>	<u>2020</u>
Program Services	\$ 122,029	\$ 36,058
Tractor/Truck	-	59,769
Enclosure of Riding Stable/Restrooms	<u>-</u>	<u>-</u>
	<u>\$ 122,029</u>	<u>\$ 95,827</u>

NORTHLAND THERAPEUTIC RIDING CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 7 – LIQUIDITY AND AVAILABILITY

The following table reflects the Organization’s financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of Board designations or donor-imposed restrictions. The Organization receives significant dues each year from members, which are available to meet annual cash needs for general expenditures.

	<u>2021</u>	<u>2020</u>
Cash	\$ 323,406	\$ 107,698
Accounts Receivable	<u>-</u>	<u>-</u>
Total Financial Assets	\$ 323,406	\$ 107,698
Donor-Restricted/Board-Designated Net Assets	<u>(125,727)</u>	<u>(-)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 197,679</u>	<u>\$ 107,698</u>