Professional Association of Therapeutic Horsemanship International

(a nonprofit Colorado corporation)
Denver, Colorado

Financial Statements

June 30, 2017 and 2016

Professional Association of Therapeutic Horsemanship International

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Independent Auditors' Report

To the Board of Trustees
Professional Association of Therapeutic
Horsemanship International
Denver, Colorado

We have audited the accompanying financial statements of Professional Association of Therapeutic Horsemanship International (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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.

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Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Professional Association of Therapeutic Horsemanship International as of June 30, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Altruic Advisors, PLLC

Certified Public Accountants

Denver, Colorado
October 19, 2017

ALTRUICADVISORS® | 4600 SOUTH SYRACUSE STREET, 9TH FLOOR | DENVER, CO 80237 | P 303.532.9398 | F 888.298.5297

Professional Association of Therapeutic Horsemanship International

Statements of Financial Position

June 30	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 1,178,451**	$ 969,071
Accounts receivable	**36,517**	15,219
Grants receivable	**77,163**	75,136
Inventories	**10,951**	14,585
Prepaid expenses	**58,786**	48,839
Total current assets	**1,361,868**	1,122,850
Equipment, net	**72,189**	20,424
Other Assets		
Intangible assets	**93,025**	93,025
Deposits	**4,486**	4,486
Total other assets	**97,511**	97,511
Total assets	**$ 1,531,568**	$ 1,240,785
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	**$ 38,354**	$ 57,002
Accrued compensation and benefits	**57,298**	55,661
Deferred revenue	**624,124**	598,085
Total current liabilities	**719,776**	710,748
Long-Term Liabilities		
Deferred revenue	**74,525**	79,925
Total liabilities	**794,301**	790,673
Net Assets		
Unrestricted		
Undesignated	**539,732**	263,009
Board-designated	**1,696**	3,096
Total unrestricted net assets	**541,428**	266,105
Temporarily restricted	**195,839**	184,007
Total net assets	**737,267**	450,112
Total liabilities and net assets	**$ 1,531,568**	$ 1,240,785

The accompanying Notes are an integral part of these financial statements

Professional Association of Therapeutic Horsemanship International

Statement of Activities

Year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Revenue			
Membership dues	$ 1,115,568	$ -	$ 1,115,568
Conference fees	553,078	-	553,078
Accreditation, certification and workshops	460,958	-	460,958
Education sales, net	120,205	-	120,205
Sponsorships	60,000	-	60,000
Miscellaneous income	17,769	-	17,769
Interest income	828	-	828
Total revenue	2,328,406	-	2,328,406
Support			
Contributions	209,495	92,544	302,039
Contributions, in-kind	2,000	-	2,000
Net assets released from restrictions	80,712	(80,712)	-
Total support	292,207	11,832	304,039
Total revenue and support	2,620,613	11,832	2,632,445
Functional Expenses			
Program services	1,884,625	-	1,884,625
Supporting services			
General and administrative	431,669	-	431,669
Fundraising	28,996	-	28,996
Total functional expenses	2,345,290	-	2,345,290
Change in Net Assets	275,323	11,832	287,155
Net Assets, Beginning of Year	266,105	184,007	450,112
Net Assets, End of Year	$ 541,428	$ 195,839	$ 737,267

The accompanying Notes are an integral part of these financial statements

Professional Association of Therapeutic Horsemanship International

Statement of Activities

Year ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Revenue			
Membership dues	$ 1,087,384	$ -	$ 1,087,384
Conference fees	487,231	-	487,231
Accreditation, certification and workshops	496,994	-	496,994
Education sales, net	103,049	-	103,049
Sponsorships	56,737	-	56,737
Miscellaneous income	24,751	-	24,751
Interest income	610	-	610
Total revenue	2,256,756	-	2,256,756
Support			
Contributions	435,959	79,603	515,562
Contributions, in-kind	2,000	-	2,000
Net assets released from restrictions	46,570	(46,570)	-
Total support	484,529	33,033	517,562
Total revenue and support	2,741,285	33,033	2,774,318
Functional Expenses			
Program services	2,010,672	-	2,010,672
Supporting services			
General and administrative	451,729	-	451,729
Fundraising	59,946	-	59,946
Total functional expenses	2,522,347	-	2,522,347
Change in Net Assets	218,938	33,033	251,971
Net Assets, Beginning of Year	47,167	150,974	198,141
Net Assets, End of Year	$ 266,105	$ 184,007	$ 450,112

Professional Association of Therapeutic Horsemanship International

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended June 30	2017	2016
Cash Flows From Operating Activities		
Change in net assets	**$ 287,155**	$ 251,971
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	**8,636**	12,218
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	**(21,298)**	462
Grants receivable	**(2,027)**	(39,579)
Inventories	**3,634**	4,898
Prepaid expenses	**(9,947)**	(20,431)
Accounts payable	**(18,648)**	23,640
Accrued compensation and benefits	**1,637**	17,301
Deferred revenue	**20,639**	(5,233)
Net cash provided by operating activities	**269,781**	245,247
Cash Flows From Investing Activities		
Purchases of equipment	**(60,401)**	(4,893)
Net cash used by investing activities	**(60,401)**	(4,893)
Net Increase in Cash and Cash Equivalents	**209,380**	240,354
Cash and Cash Equivalents, Beginning of Year	**969,071**	728,717
Cash and Cash Equivalents, End of Year	**$ 1,178,451**	$ 969,071

The accompanying Notes are an integral part of these financial statements

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Operations. Professional Association of Therapeutic Horsemanship International ("the Organization") is a Colorado non-profit corporation established in 1969 whose mission is to promote safety and optimal outcomes in equine-assisted activities and therapies for individuals with special needs. The Organization provides standards, credentialing and education for industry professionals and facilities that work with children and adults who are challenged physically, emotionally or mentally as they strive to achieve health and wellness goals. The Organization's revenues and other support are derived principally from membership dues, conference fees, accreditation and certification fees, education, and charitable contributions from interested parties.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

Net Asset Classification. The Organization has adopted accounting standards which require that the organization distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. These standards require that resources be classified for reporting purposes into three net asset categories according to externally (donor) imposed restrictions. The three net asset categories are as follows:

Unrestricted net assets. Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets. 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. Once the stipulation is met, the assets are released from restriction and the expenditure is recorded in the activities of unrestricted net assets.

Permanently restricted net assets. Permanently restricted net assets are subject to donor-imposed stipulations that require the donated assets to be maintained in perpetuity. The Organization does not currently have any permanently restricted net assets.

Cash and Cash Equivalents. The Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts Receivable. Accounts receivable are stated net of allowances for uncollectible accounts. At the time accounts receivable are originated, the Organization considers an allowance for doubtful accounts based on the creditworthiness of the member. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Organization on an ongoing basis.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Accounts Receivable (continued). As of June 30, 2017 and 2016, management believes all accounts receivable are fully collectible, and accordingly, no allowance for doubtful accounts has been recorded.

Grants Receivable. Unconditional promises to give are recognized as revenue in the period received. Grants receivable are recorded at the amount the Organization expects to receive, allowing for estimated uncollectible grants. The allowance for uncollectible grants is estimated based on management's review of specific contributions outstanding. As of June 30, 2017 and 2016, management believes all grants receivable are fully collectible, and accordingly, no allowance for doubtful accounts has been recorded. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventories. Inventories consisting of association merchandise and equine therapy resource materials are stated at the lower of cost (first-in, first-out method) or market. Donated items, if any, are recorded at fair value at the date of receipt.

Equipment. It is the Organization’s policy to capitalize equipment at cost for purchases over $500, while repair and maintenance items are charged to expense. Donations of equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Equipment is depreciated using straight-line methods over the estimated useful lives of the assets, which is generally three to seven years for equipment and software and three to five years for furniture and fixtures. Depreciation expense totaled $8,636 and $12,218 for the years ended June 30, 2017 and 2016, respectively.

Intangible Assets. Intangible assets consist of trademarks. Indefinite-lived intangible assets are not amortized, but are tested for impairment annually, or more frequently if circumstances indicate potential impairment, through a comparison of fair value to its carrying amount. The trademarks must be renewed and usage confirmed between five and six years after registration, again at nine to ten years, and every ten years thereafter at minimal cost. The costs incurred to renew the trademarks will be expensed as incurred. The Organization also evaluates whether circumstances warrant a revision to the remaining estimated useful life of each intangible asset annually. If the Organization were to determine that a change in the remaining estimated useful life of an intangible asset was necessary, then the remaining carrying amount of the intangible asset would be amortized prospectively over the revised remaining useful life.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended June 30, 2017 and 2016.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Revenue Recognition. Revenues are recorded as the services are rendered. Prepaid amounts are recorded as a deferred revenue liability when payments are received. As the services are rendered, revenue is then recorded. Lifetime membership revenues are recognized ratably over the expected remaining life of the member.

Contributions. Contributions are recognized when the donation is received. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions and grants that are restricted by the donor or grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed Services. Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no contributed services for the years ended June 30, 2017 and 2016.

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

The Organization is subject to unrelated business income tax on its advertising income. As of June 30, 2017, the Organization has incurred a net operating loss carryforward of approximately $300. A deferred tax benefit has not been recorded on the accompanying financial statements as it is not determinable if the Organization will obtain a future benefit from this net operating loss carryforward.

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Reclassifications. Certain amounts from the financial statements for the year ended June 30, 2016 have been reclassified to conform to current year presentation, without affecting the change in net assets.

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 19, 2017, the date at which the financial statements were available for release.

Note 2 – Equipment and Subsequent Events

Equipment consisted of the following at June 30:

	2017	2016
Equipment and software	$ 92,924	$ 92,924
Furniture and fixtures	28,558	28,558
Technology installation in progress	60,401	-
	181,883	121,482
Less accumulated depreciation	(109,694)	(101,058)
Net equipment	$ 72,189	$ 20,424

In March 2017, the Organization approved the purchase of association management software for up to $288,660. Subsequent to June 30, 2017, an additional $85,463 was purchased on the implementation of the software.

Note 3 - Temporarily Restricted Net Assets

The balances of temporarily restricted net assets are as follows:

	July 1, 2016 Balance	Additions	Reductions	June 30, 2017 Balance
Time restricted	$ 75,136	$ 77,163	$ 75,136	$ 77,163
Purpose restricted				
Competition fund	3,598	-	-	3,598
Disaster relief	2,330	3,540	-	5,870
Employee fund	133	-	-	133
Equine service for heroes	4,381	628	2,516	2,493
Regional speakers	6,194	-	200	5,994
Research	4,445	-	-	4,445
Rider's assistance fund	62,910	4,338	-	67,248
Scholarships	24,880	6,875	2,860	28,895
	$ 184,007	$ 92,544	$ 80,712	$ 195,839

	July 1, 2015 Balance	Additions	Reductions	June 30, 2016 Balance
Time restricted	$ 35,557	$ 75,136	$ 35,557	$ 75,136
Purpose restricted				
Competition fund	3,598	-	-	3,598
Disaster relief	-	2,330	-	2,330
Employee fund	351	-	218	133
Equine service for heroes	11,669	747	8,035	4,381
Regional speakers	6,194	-	-	6,194
Research	4,445	-	-	4,445
Rider's assistance fund	63,070	140	300	62,910
Scholarships	26,090	1,250	2,460	24,880
	$ 150,974	$ 79,603	$ 46,570	$ 184,007

Note 4 – Board-designated Net Assets

The Board of Directors has designated $1,696 and $3,096 of unrestricted net assets for disaster relief at June 30, 2017 and 2016, respectively. These funds are restricted designations imposed internally and are recorded as unrestricted assets.

Note 5 - Operating Leases

The Organization leases its building under a noncancelable operating lease. The lease requires monthly minimum payments of $7,265, and expires in March 2018. Rent expense, including maintenance, under the lease totaled $87,915 and $83,086 for the years ended June 30, 2017 and 2016, respectively.

The Organization leases equipment under multiple noncancelable operating leases, which expire in December 2017 and August 2019. Rent expense, including supplies and maintenance, under the leases totaled $22,135 and $6,894 for the years ended June 30, 2017 and 2016, respectively.

Future annual minimum lease payments required under the noncancelable operating leases are as follows at June 30, 2017:

Year ended June 30	Facilities	Equipment	Total
2018	$ 65,382	$ 14,826	$ 80,208
2019	-	14,592	14,592
2020	-	2,432	2,432
	$ 65,382	$ 31,850	$ 97,232

Note 6 – Retirement Plan

The Organization provides for a deferred compensation plan under Internal Revenue Code Section 408(p) which allows an employee to contribute up to $12,000 of their annual compensation. The Organization provides a matching contribution to the plan of up to 3% of the employee's annual compensation. The Organization contributed $21,842 and $21,338 to the plan for the years ended June 30, 2017 and 2016, respectively.

Professional Association of Therapeutic Horsemanship International

Schedule of Functional Expenses

Year ended June 30, 2017

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Total
Salaries and wages	$ 613,909	$ 225,084	$ 14,640	$ 853,633
Employee benefits	83,591	24,613	2,008	110,212
Payroll taxes	49,746	19,030	1,149	69,925
Total personnel costs	747,246	268,727	17,797	1,033,770
Conferences	284,981	-	-	284,981
Evaluator fees	200,409	-	-	200,409
Grants	159,012	-	-	159,012
Consulting and purchased services	85,544	54,667	1,978	142,189
Occupancy	80,882	7,033	-	87,915
Printing and publications	72,361	147	94	72,602
Bank and credit card fees	44,233	8,132	3,380	55,745
Travel	53,144	2,528	-	55,672
Postage and shipping	45,347	5,169	510	51,026
Information technology	39,888	6,053	-	45,941
Miscellaneous expenses	20,582	5,656	1,344	27,582
Telephone	16,577	7,027	237	23,841
Equipment rent	-	22,135	-	22,135
Region outreach and member benefits	18,732	-	-	18,732
Legal and professional fees	-	14,783	-	14,783
Supplies	5,382	7,482	170	13,034
Professional development	2,322	2,861	3,486	8,669
Depreciation	6,044	2,592	-	8,636
Insurance	1,196	6,567	-	7,763
Dues and subscriptions	743	6,151	-	6,894
Meetings	-	3,959	-	3,959
Total expenses	$ 1,884,625	$ 431,669	$ 28,996	$ 2,345,290

Professional Association of Therapeutic Horsemanship International

Schedule of Functional Expenses

Year ended June 30, 2016

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Total
Salaries and wages	$ 607,902	$ 235,120	$ 26,073	$ 869,095
Employee benefits	80,066	21,397	3,138	104,601
Payroll taxes	58,142	18,432	2,368	78,942
Total personnel costs	746,110	274,949	31,579	1,052,638
Grants	333,292	-	-	333,292
Conferences	268,603	-	-	268,603
Evaluator fees	191,377	-	-	191,377
Consulting and purchased services	92,670	76,699	500	169,869
Printing and publications	85,264	1,389	624	87,277
Occupancy	76,439	6,647	-	83,086
Bank and credit card fees	45,535	2,587	-	48,122
Information technology	39,888	2,074	-	41,962
Travel	33,392	6,001	625	40,018
Postage and shipping	17,845	1,679	16,501	36,025
Region outreach and member benefits	28,838	-	-	28,838
Meetings	-	27,696	-	27,696
Telephone	16,577	6,868	237	23,682
Miscellaneous expenses	9,865	2,679	9,880	22,424
Professional development	11,774	1,097	-	12,871
Legal and professional fees	-	12,437	-	12,437
Depreciation	8,553	3,665	-	12,218
Supplies	3,848	4,631	-	8,479
Insurance	802	7,236	-	8,038
Equipment rent	-	6,894	-	6,894
Dues and subscriptions	-	6,501	-	6,501
Total expenses	$ 2,010,672	$ 451,729	$ 59,946	$ 2,522,347