

**Professional Association of  
Therapeutic Horsemanship  
International**  
(a nonprofit Colorado corporation)  
Westminster, Colorado

**Financial Statements**

June 30, 2020 and 2019

# Professional Association of Therapeutic Horsemanship International

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## **Independent Auditors' Report**

To the Board of Trustees  
Professional Association of Therapeutic  
Horsemanship International  
Westminster, 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, 2020 and 2019, and the related statements of activities, functional expenses, 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.

**Independent Auditors' Report (continued)**

**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, 2020 and 2019, 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.

*Altruic Advisors, PLLC*

Certified Public Accountants

Denver, Colorado  
September 30, 2020

# Professional Association of Therapeutic Horsemanship International

## Statements of Financial Position

June 30	2020	2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,489,018	\$ 1,319,532
Accounts receivable	812	2,311
Grants receivable	38,903	99,099
Inventories	19,939	10,859
Prepaid expenses	121,113	117,480
Total current assets	<u>1,669,785</u>	<u>1,549,281</u>
<b>Equipment, net</b>	<u>197,639</u>	<u>242,657</u>
<b>Other Assets</b>		
Intangible assets	101,644	100,907
Deposits	7,707	7,707
Total other assets	<u>109,351</u>	<u>108,614</u>
Total assets	<u>\$ 1,976,775</u>	<u>\$ 1,900,552</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 19,970	\$ 62,225
Accrued compensation and benefits	62,463	66,648
Grant payable	17,400	-
Refundable advances	40,086	171,437
Deferred revenue	527,757	571,378
Note payable, current portion	96,140	-
Total current liabilities	<u>763,816</u>	<u>871,688</u>
<b>Long-Term Liabilities</b>		
Deferred revenue, noncurrent	71,919	69,019
Note payable, net of current portion	94,060	-
Total long-term liabilities	<u>165,979</u>	<u>69,019</u>
Total liabilities	<u>929,795</u>	<u>940,707</u>
<b>Net Assets</b>		
Without donor restrictions	937,034	745,486
With donor restrictions	109,946	214,359
Total net assets	<u>1,046,980</u>	<u>959,845</u>
Total liabilities and net assets	<u>\$ 1,976,775</u>	<u>\$ 1,900,552</u>

The accompanying Notes are an integral  
part of these financial statements

# Professional Association of Therapeutic Horsemanship International

## Statement of Activities

Year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Revenue and Support</b>			
<b>Operating Revenue</b>			
Membership dues	\$ 1,097,992	\$ -	\$ 1,097,992
Conference fees	508,917	-	508,917
Accreditation, certification and workshops	392,544	-	392,544
Education sales, net of cost of goods sold of of \$51,813	128,993	-	128,993
Sponsorships	51,104	-	51,104
Total operating revenue	<u>2,179,550</u>	<u>-</u>	<u>2,179,550</u>
<b>Operating Support</b>			
Grants and contributions	624,027	14,286	638,313
Net assets released from restrictions			
Satisfaction of purpose restrictions	19,600	(19,600)	-
Expiration of time restrictions	99,099	(99,099)	-
Total operating support	<u>742,726</u>	<u>(104,413)</u>	<u>638,313</u>
Total operating revenue and support	<u>2,922,276</u>	<u>(104,413)</u>	<u>2,817,863</u>
<b>Operating Expenses</b>			
Program services	2,217,036	-	2,217,036
Supporting services			
General and administrative	466,042	-	466,042
Fundraising	56,873	-	56,873
Total operating expenses	<u>2,739,951</u>	<u>-</u>	<u>2,739,951</u>
Total operating revenue and support in excess (deficit) of operating expenses	<u>182,325</u>	<u>(104,413)</u>	<u>77,912</u>
<b>Other Changes</b>			
Miscellaneous income	5,435	-	5,435
Interest income	3,788	-	3,788
Total other changes	<u>9,223</u>	<u>-</u>	<u>9,223</u>
<b>Change in Net Assets</b>	191,548	(104,413)	87,135
<b>Net Assets, Beginning of Year</b>	<u>745,486</u>	<u>214,359</u>	<u>959,845</u>
<b>Net Assets, End of Year</b>	<u>\$ 937,034</u>	<u>\$ 109,946</u>	<u>\$ 1,046,980</u>

The accompanying Notes are an integral  
part of these financial statements

# Professional Association of Therapeutic Horsemanship International

## Statement of Activities

Year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Support</b>			
<b>Operating Revenue</b>			
Membership dues	\$ 1,141,651	\$ -	\$ 1,141,651
Conference fees	453,973	-	453,973
Accreditation, certification and workshops	399,619	-	399,619
Education sales, net of cost of goods sold of of \$47,755	106,083	-	106,083
Sponsorships	60,000	-	60,000
Total operating revenue	<u>2,161,326</u>	<u>-</u>	<u>2,161,326</u>
<b>Operating Support</b>			
Grants and contributions	442,097	121,690	563,787
Net assets released from restrictions			
Satisfaction of purpose restrictions	17,138	(17,138)	-
Expiration of time restrictions	133,097	(133,097)	-
Total operating support	<u>592,332</u>	<u>(28,545)</u>	<u>563,787</u>
Total operating revenue and support	<u>2,753,658</u>	<u>(28,545)</u>	<u>2,725,113</u>
<b>Operating Expenses</b>			
Program services	2,171,125	-	2,171,125
Supporting services			
General and administrative	484,068	-	484,068
Fundraising	42,834	-	42,834
Total operating expenses	<u>2,698,027</u>	<u>-</u>	<u>2,698,027</u>
Total operating revenue and support in excess (deficit) of operating expenses	<u>55,631</u>	<u>(28,545)</u>	<u>27,086</u>
<b>Other Changes</b>			
Miscellaneous income	8,148	-	8,148
Interest income	3,995	-	3,995
Total other changes	<u>12,143</u>	<u>-</u>	<u>12,143</u>
<b>Change in Net Assets</b>	67,774	(28,545)	39,229
<b>Net Assets, Beginning of Year</b>	<u>677,712</u>	<u>242,904</u>	<u>920,616</u>
<b>Net Assets, End of Year</b>	<u>\$ 745,486</u>	<u>\$ 214,359</u>	<u>\$ 959,845</u>

The accompanying Notes are an integral  
part of these financial statements

# Professional Association of Therapeutic Horsemanship International

## Statement of Functional Expenses

Year ended June 30, 2020

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 716,801	\$ 242,162	\$ 9,687	\$ 968,650
Employee benefits	69,055	18,592	885	88,532
Payroll taxes	57,016	17,255	750	75,021
Total personnel costs	842,872	278,009	11,322	1,132,203
Grants	477,387	-	-	477,387
Conferences and meetings	238,231	-	-	238,231
Consulting and purchased services	163,000	20,146	-	183,146
Evaluator fees	103,925	-	-	103,925
Occupancy	80,932	19,465	2,049	102,446
Information technology	-	84,932	-	84,932
Bank and credit card fees	57,700	13,877	1,461	73,038
Depreciation	37,094	16,365	1,091	54,550
Postage and shipping	50,491	1,578	526	52,595
Printing and publications	49,081	-	496	49,577
Travel	45,375	458	-	45,833
Marketing and fundraising	-	-	34,010	34,010
Equipment rent	11,604	2,938	147	14,689
Dues and subscriptions	11,623	2,761	145	14,529
Telephone	11,021	2,651	279	13,951
Legal and professional fees	-	16,942	-	16,942
Meetings	8,340	3,112	996	12,448
Region outreach and member benefits	10,196	-	-	10,196
Supplies	8,185	920	92	9,197
Insurance	5,937	1,319	73	7,329
Curriculum	3,463	-	-	3,463
Program expenses	50	76	2,392	2,518
Miscellaneous expenses	38	57	1,794	1,889
Professional development	491	436	-	927
Total operating expenses	\$ 2,217,036	\$ 466,042	\$ 56,873	\$ 2,739,951

The accompanying Notes are an integral  
part of these financial statements



# Professional Association of Therapeutic Horsemanship International

## Statement of Functional Expenses

Year ended June 30, 2019

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 756,375	\$ 241,674	\$ 14,958	\$ 1,013,007
Employee benefits	99,128	27,643	1,692	128,463
Payroll taxes	57,901	17,022	1,123	76,046
Total personnel costs	913,404	286,339	17,773	1,217,516
Grants	420,764	-	-	420,764
Conferences	162,342	-	-	162,342
Evaluator fees	156,286	-	-	156,286
Information technology	-	109,685	-	109,685
Consulting and purchased services	96,790	11,880	-	108,670
Occupancy	70,410	17,380	1,337	89,127
Printing and publications	60,020	106	616	60,742
Travel	58,343	555	-	58,898
Bank and credit card fees	45,022	11,113	855	56,990
Meetings	35,417	13,170	4,048	52,635
Postage and shipping	39,062	1,027	541	40,630
Curriculum	25,611	-	-	25,611
Region outreach and member benefits	24,699	-	-	24,699
Equipment rent	15,508	3,828	294	19,630
Miscellaneous expenses	475	329	16,536	17,340
Legal and professional fees	-	15,451	-	15,451
Telephone	12,114	2,990	230	15,334
Depreciation	9,644	4,196	323	14,163
Dues and subscriptions	9,888	2,466	105	12,459
Supplies	7,397	894	69	8,360
Insurance	6,489	1,395	107	7,991
Professional development	1,440	1,264	-	2,704
Total operating expenses	\$ 2,171,125	\$ 484,068	\$ 42,834	\$ 2,698,027

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# Professional Association of Therapeutic Horsemanship International

## Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended June 30	2020	2019
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 87,135	\$ 39,229
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	54,550	14,163
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	1,499	1,069
Grants receivable	60,196	33,998
Inventories	(9,080)	(2,891)
Prepaid expenses	(3,633)	(10,141)
Accounts payable	(42,255)	(46,975)
Accrued compensation and benefits	(4,185)	9,899
Grants payable	17,400	-
Refundable advances	(131,351)	130,394
Deferred revenue	(40,721)	(26,711)
Net cash provided (used) by operating activities	<u>(10,445)</u>	<u>142,034</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of equipment	(9,532)	(128,241)
Purchases of intangible assets	(737)	(7,882)
Net cash used by investing activities	<u>(10,269)</u>	<u>(136,123)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from note payable	190,200	-
Net cash provided by financing activities	<u>190,200</u>	<u>-</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>169,486</b>	<b>5,911</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b><u>1,319,532</u></b>	<b><u>1,313,621</u></b>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 1,489,018</u></b>	<b><u>\$ 1,319,532</u></b>

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2020 and 2019

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### 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.

*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.

*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.

*Cash and Cash Equivalents.* Cash and cash equivalents consists of checking and savings accounts held at a financial institution. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

*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. As of June 30, 2020 and 2019, 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, 2020 and 2019, 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-assisted activities and therapies research 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.

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2020 and 2019

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

*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 contributions without donor restrictions 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.

*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, 2020 and 2019.

*Refundable Advances.* Grant funding received in advance of incurring related expenses are due back to the grantor if funds are not incurred and are considered refundable advances. Support is recognized as the related costs are incurred.

*Basis of Net Asset Presentation.* The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions:

*Net Assets Without Donor Restrictions.* Net assets resulting from revenues generated by receiving contributions that have no donor stipulations, membership dues, conference fees, accreditation and other services, interest, and other income, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

*Net Assets With Donor Restrictions.* Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated net assets, until the donor restriction expires, that is, until the stipulation time restriction ends or the purpose restriction is accomplished.

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2020 and 2019

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### 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.

*Grants and Contributions.* Grants and contributions are recognized when amounts are received. Donor-restricted amounts are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Grants and contributions that are restricted by the grantor or donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the amounts are recognized.

*Contributed Services.* The Organization records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills that are provided by persons possessing those skills and would typically need to be purchased if not provided by donation. Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition. The Organization did not receive contributed services during the years ended June 30, 2020 and 2019.

*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, 2020, the Organization has incurred a net operating loss carryforward of approximately \$3,850. A deferred tax benefit has not been recorded in 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.

*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 September 30, 2020, the date at which the financial statements were available for release.

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2020 and 2019

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### Note 2 – New Accounting Pronouncement

In June 2018, FASB issued ASU 2018-08, *Topic 958, Clarifying the Scope and the Guidance for Contributions Received and Contributions Made*, with the stated purposes of improving the accounting and financial reporting of grants and similar contracts as either reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and of distinguishing between conditional and unconditional contributions.

During the year ended June 30, 2020, the Organization adopted the requirements of ASU 2018-08, applying the requirements retrospectively to the comparative period presented. Management has evaluated the effects of the new standard and has determined that the standard has had no changes to the financial statements for the year ended June 30, 2019.

### Note 3 – Equipment

Equipment consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Equipment and software	\$ 306,458	\$ 61,419
Furniture and fixtures	28,558	28,558
Technology installation in progress	-	245,226
	<u>335,016</u>	<u>335,203</u>
Less accumulated depreciation	<u>(137,377)</u>	<u>(92,546)</u>
Net equipment	<u>\$ 197,639</u>	<u>\$ 242,657</u>

Depreciation expense totaled \$54,550 and \$14,163 for the years ended June 30, 2020 and 2019, respectively. Amortization of software is included in depreciation expense.

### Note 4 - Note Payable

On April 13, 2020, the Association was granted a loan (the "Loan") from BOK Financial in the amount of \$190,200, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act ("the CARES Act"), which was enacted March 27, 2020.

The Loan, which was in the form of a promissory note dated April 13, 2020, matures on April 13, 2022 and bears interest at a rate of 1.00% per annum, payable in monthly installments of approximately \$10,806, commencing on November 13, 2020. The Note may be prepaid by the Association at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before June 8, 2020, or through an alternate period as extended upon request of the Association. The Association intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2020 and 2019

### Note 4 - Note Payable (continued)

Scheduled maturities of the long-term notes payable are as follows at June 30, 2020:

Year ended June 30	Notes Payable
2021	\$ 96,140
2022	94,060
	<u>\$ 190,200</u>

The Organization was in compliance with all financial and reporting covenants as of June 30, 2020.

### Note 5 - Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the year ended June 30, 2020:

	July 1, 2019 Balance	Additions	Releases	June 30, 2020 Balance
Time restricted	\$ 99,099	\$ 200	\$ 99,099	\$ 200
Purpose restricted				
Accreditation Funds	1,800	4,200	2,500	3,500
Disaster relief	6,980	3,436	4,300	6,116
Equine service for heroes	537	1,300	500	1,337
Regional speakers	5,994	-	-	5,994
Rider's assistance fund	62,168	550	10,500	52,218
Scholarships	37,781	4,600	1,800	40,581
	<u>\$ 214,359</u>	<u>\$ 14,286</u>	<u>\$ 118,699</u>	<u>\$ 109,946</u>

The following summarizes the changes in net assets with donor restrictions for the year ended June 30, 2019:

	July 1, 2018 Balance	Additions	Releases	June 30, 2019 Balance
Time restricted	\$ 133,097	\$ 99,099	\$ 133,097	\$ 99,099
Purpose restricted				
Accreditation Fund	-	1,800	-	1,800
Competition fund	3,598	-	3,598	-
Disaster relief	8,795	7,485	9,300	6,980
Equine service for heroes	487	50	-	537
Regional speakers	5,994	-	-	5,994
Rider's assistance fund	65,158	10	3,000	62,168
Scholarships	25,775	13,246	1,240	37,781
	<u>\$ 242,904</u>	<u>\$ 121,690</u>	<u>\$ 150,235</u>	<u>\$ 214,359</u>

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2020 and 2019

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### Note 6 - Operating Leases

The Organization leases its building under a noncancelable operating lease. The lease requires monthly minimum payments of \$7,473, and expires in April 2022. Rent expense under the lease totaled \$87,345 and \$84,542 for the years ended June 30, 2020 and 2019, respectively.

The Organization leases equipment under multiple noncancelable operating leases, which expire between December 2021 and March 2024. Rent expense, including supplies and maintenance, under the leases totaled \$14,689 and \$19,631 for the years ended June 30, 2020 and 2019, respectively.

Future annual minimum lease payments required under the noncancelable operating leases are as follows at June 30, 2020:

Year ended June 30	Facilities	Equipment	Total
2021	\$ 90,147	\$ 7,080	\$ 97,227
2022	77,069	6,816	83,885
2023	-	6,552	6,552
2024	-	4,914	4,914
	<u>\$ 167,216</u>	<u>\$ 25,362</u>	<u>\$ 192,578</u>

### Note 7 – Retirement Plan

The Organization provides for a deferred compensation plan under Internal Revenue Code Section 408(p) which currently allows an employee to contribute up to \$13,500 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 \$16,846 and \$25,606 to the plan for the years ended June 30, 2020 and 2019, respectively.

### Note 8 – Liquidity and Availability of Resources

The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these principles, the Organization forecasts its future cash flows and monitors its liquidity monthly, and monitors its reserves annually. During the years ended June 30, 2020 and 2019, the level of liquidity and reserves was managed within these guiding principles.



# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2020 and 2019

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### Note 8 – Liquidity and Availability of Resources (continued)

	<u>2020</u>	<u>2019</u>
Financial assets at June 30:		
Cash and cash equivalents	<b>\$ 1,489,018</b>	\$ 1,319,532
Accounts receivable	<b>812</b>	2,311
Grants receivable	<b>38,903</b>	99,099
Prepaid expenses	<b>121,113</b>	117,480
	<u>                    </u>	<u>                    </u>
Financial assets available to meet cash needs for general expenditures within one year	<b><u>\$ 1,649,846</u></b>	<b><u>\$ 1,538,422</u></b>

### Note 9 – Concentration

*Bank Deposits.* The Organization routinely maintains cash balances in excess of federally insured limits.

*Major Grantor.* The Organization had a single grantor who comprised 10% of total revenue for each of the years ended June 30, 2020 and 2019.

### Note 10 - Uncertainty Related to Virus Pandemic

In late 2019, there was an outbreak of a new strain of coronavirus (COVID-19) first identified in Wuhan, Hubei Province, China, which has since spread globally. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Further, the COVID-19 outbreak has resulted in government authorities across the country, including Colorado, where the Association is headquarter, declaring states of emergency and implementing numerous measures to try to reduce the spread of COVID-19, such as travel bans and restrictions, quarantines, “shelter-in-place,” “stay-at-home,” total lock-down orders, business limitations or shutdowns and similar orders. As a result, the COVID-19 pandemic has negatively impacted the global economy. In an effort to first and foremost protect the health and safety of our employees, we also took proactive action to adopt social distancing policies at our headquarters in Colorado, including working from home for certain employees, and suspending employee travel.

Potential impacts to the Association include financial uncertainty with sponsor partnerships; income related to education, certification, accreditation as well as memberships. There are some areas of expense also impacted. The true scope of the impact to the Association and the economy will not be known for several months and depends on the severity and duration of the pandemic. Management has, and will continue to, engage in scenario planning to address potential adverse impact of the pandemic. Through this process, Management will continue to monitor and assess the impact to operations; however, the ultimate impact of COVID-19 outbreak or similar health epidemic is highly uncertain and subject to change.