Mane Stream, Inc.

Audited Financial Statements

Year ended December 31, 2013

Mane Stream, Inc.

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December 31, 2013

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Independent Auditor's Report

Board of Directors
Mane Stream, Inc.

Report on Financial Statements

I have audited the accompanying financial statements of Mane Stream, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Report on Summarized Comparative Information

I have previously audited Mane Stream, Inc.'s 2012 financial statements, and in my report dated April 10, 2013, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it was derived.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mane Stream, Inc. as of December 31, 2013, 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.

Donna Foxman, CPA

April 1, 2014

Mane Stream, Inc.
Statement of Financial Position
December 31, 2013
With Comparative Totals for 2012

	2013	2012
Assets:		
Cash	$385,431	$498,287
Accounts receivable	9,175	6,549
Prepaid expenses	7,144	14,881
Property development costs	131,455	111,751
Property and equipment, net	1,772,780	1,792,791
Total assets	$2,305,985	$2,424,259
Liabilities:		
Accounts payable and accrued expenses	22,546	16,921
Mortgage payable	854,887	873,759
Total liabilities	877,433	890,680
Net assets:		
Unrestricted net assets	1,232,707	1,355,364
Temporarily restricted net assets	130,845	113,215
Permanently restricted net assets	65,000	65,000
Total net assets	1,428,552	1,533,579
Total liabilities and net assets	$2,305,985	$2,424,259

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

Mane Stream, Inc.

Statement of Activities

For the year ended December 31, 2013
With Comparative Totals for 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Totals	2012 Totals
Revenues and Support:					
Contributions	$207,679	127,790	-	335,469	235,287
Bequests	5,733	-	-	5,733	517,110
Program revenue	160,851	-	-	160,851	180,442
Fundraising and special events	395,051	-	-	395,051	365,536
Interest income	343	-	-	343	746
Net assets released in satisfaction of donor restrictions	110,160	(110,160)	-	-	-
Total revenues and support	879,817	17,630	-	897,447	1,299,121
Expenses:					
Program expenses	737,420	-	-	737,420	690,831
Administrative expenses	60,455	-	-	60,455	49,515
Development and fundraising costs	204,599	-	-	204,599	193,287
Total expenses	1,002,474	-	-	1,002,474	933,633
Increase (decrease) in net assets	(122,657)	17,630	-	(105,027)	365,488
Net assets, beginning of year	1,355,364	113,215	65,000	1,533,579	1,168,091
Net assets, end of year	$1,232,707	130,845	65,000	1,428,552	1,533,579

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

Mane Stream, Inc.
Statement of Cash Flows
For the year ended December 31, 2013
With Comparative Totals for 2012

	2013	2012
Cash flows from operating activities:		
Contributions, program, and fundraising revenue	$894,478	$1,297,587
Interest income	343	746
Cash paid to suppliers and employees	(929,715)	(902,844)
Interest paid	(47,149)	(48,297)
Net cash provided (used) by operating activities	(82,043)	347,192
Cash flows from investing activities:		
Purchase of land, building, equipment	(11,941)	(2,995)
Net cash provided (used) by investing activities	(11,941)	(2,995)
Cash flows from investing activities:		
Proceeds from borrowings	-	-
Repayment of long term debt	(18,872)	(17,725)
Net cash provided (used) by financing activities	(18,872)	(17,725)
Increase (decrease) in cash	(112,856)	326,472
Cash at beginning of year	498,287	171,815
Cash at end of year	$385,431	$498,287
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	($105,027)	$365,488
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	31,952	33,869
(Increase) decrease in accounts receivable	(2,626)	(788)
(Increase) decrease in prepaid expenses	7,737	(2,160)
(Increase) decrease in property development costs	(19,704)	(55,165)
Increase (decrease) in accounts payable and accrued expenses	5,625	5,948
Net cash provided (used) by operating activities	($82,043)	$347,192

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

Mane Stream, Inc.
Statement of Functional Expenses
For the year ended December 31, 2013
With Comparative Totals for 2012

	Program Expenses	Administrative Expenses	Development & Fundraising	2013 Expenses	2012 Expenses
Salaries	$381,106	36,311	38,690	456,107	421,970
Payroll taxes	39,900	3,802	4,051	47,753	41,660
Employee 401k plan	6,705	125	499	7,329	10,221
Employee benefits	14,587	330	494	15,411	19,575
Outside services	16,341	812	-	17,153	22,893
Advertising	6,485	-	-	6,485	297
Bank and credit card fees	6,994	598	1,535	9,127	3,464
Depreciation	29,396	1,598	959	31,953	33,869
Dues and subscriptions	1,697	500	252	2,449	3,125
Equipment rental and expenses	2,042	854	817	3,713	5,827
Insurance	53,818	3,900	2,578	60,296	50,340
Interest	42,434	4,715	-	47,149	48,297
Licenses and fees	1,811	525	150	2,486	3,283
Meetings, seminars & workshops	8,306	55	5,639	14,000	9,989
Office & technology expenses	8,385	1,726	1,123	11,234	11,985
Postage	767	14	21	802	2,578
Program expenses	18,823	-	-	18,823	-
Printing and newsletters	6,181	506	489	7,176	2,097
Professional fees	3,010	645	645	4,300	4,000
Animal food & supplies	24,197	-	-	24,197	26,315
Veterinary & farrier fees	28,994	-	-	28,994	26,022
Real estate taxes	8,634	-	-	8,634	10,439
Repairs and maintenance	10,611	-	-	10,611	11,436
Supplies	950	96	64	1,110	5,171
Telephone	2,730	840	630	4,200	4,006
Utilities	12,516	2,503	1,670	16,689	15,675
subtotal	737,420	60,455	60,306	858,181	794,534
Fundraising expenses	-	-	144,293	144,293	139,099
Total expenses	$737,420	60,455	204,599	1,002,474	933,633

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

Mane Stream,Inc.
Notes to Financial Statements
For the year ended December 31, 2013

1. Summary of Significant Accounting Policies

a. Organization

In 2011 the Board of Directors approved a change of the organization name from Somerset Hills Handicapped Riding Center, Inc. to Mane Stream, Inc. The organization is a nonprofit corporation founded in 1972 and incorporated in 1973 in the state of New Jersey for the purpose of improving the quality of life for individuals with physical, developmental, emotional, and medical challenges by providing a diverse program of equine assisted activities, equine assisted therapy and educational initiatives. The organization has been accredited by the Professional Association of Therapeutic Horsemanship International (PATH). The organization offers both recreation and medical treatment programs. In adaptive horsemanship children and adults participate in recreational equestrian such as riding and carriage driving in a safe controlled environment. In equine assisted therapy, New Jersey licensed physical, occupational and speech therapists use the movement of the horse to help clients attain functional goals. The organization's revenues are derived primarily from program fees and from contributions.

b. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

c. Basis of Presentation

Under generally accepted accounting standards, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

d. Revenue and Support

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

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

1. Summary of Significant Accounting Policies (continued)

e. Income Taxes

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

f. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

g. Donated Assets

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

h. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

i. Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, during the year approximately 337 individuals provided more than 11,508 hours to assist the Organization in their program activities and various special events and fundraising activities.

j. Advertising

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

k. Subsequent Events

The Organization has evaluated subsequent events through April 1, 2014, which is the date the financial statements were available to be issued.

2. Cash Accounts

The Organization has several bank accounts at two financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. At times throughout the year balances can exceed the insured limits.

3. Property and Equipment

Property and equipment are carried at cost and depreciated over their estimated useful lives ranging from five to thirty-nine years using straight-line depreciation. Amounts at December 31 were:

Land	$977,281
Buildings and improvements	1,153,088
Furniture and equipment	120,568
	2,250,937
Less accumulated depreciation	(478,157)
Property and equipment, net	$1,772,780

4. Mortgage Payable

The Organization has a mortgage with First Hope Bank for $900,000, with monthly payments of $5,501.80, including interest at 5.375%, through June, 2036. The loan is secured by real property. The balance at December 31 totaled $854,887. The following is a schedule of principal payments for the next five years:

December 31, 2014	$19,936
2015	21,050
2016	22,100
2017	23,461
2018	24,772
Thereafter	743,568
	$854,887

5. Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions received for capital projects and specific program expenses.

6. Permanently Restricted Net Assets

In May, 2007, the Organization received a $50,000 contribution to establish the Sheila G. Williams Memorial Endowment. The funds are to be invested under the direction of the Board of Directors' Finance Committee. The income earned on these funds is to be used to fund educational opportunities for the Organization's instructors and staff, including conference attendance and courses of study supportive of and relevant to the Organization's activities and objectives. Total contributions received through December 31 totaled $65,000.

7. Pension Plan

The Board of Directors approved a 401k plan for all eligible employees, which became effective in August, 2008. The Board did not have employer contributions for 2013.

8. Income Taxes

Generally accepted accounting principles prescribe how an organization should measure, recognize, present and disclose in its financial statements tax positions that the organization has taken or expects to take on its tax or information returns. The Organization regularly reviews and evaluates its tax positions taken on previously filed returns and as reflected in its financial statements, with regard to issues affecting tax matters. The Organization has concluded that no tax benefits or liabilities are required to be recognized in accordance with generally accepted accounting principles.

The Organization's tax and information returns are generally subject to examination by the taxing authorities for three years, including 2010, 2011 and 2012.

9. Purchase of Property and Property Development Costs

In June, 2011 the Board of Directors approved the purchase of 35 acres of land and buildings in Hunterdon county. The Organization plans to use the purchase to expand and increase the amount and types of program services offered in the communities they serve.

Total expenses capitalized through 2013 for property development costs was $131,455 for preliminary engineering, environmental assessments and planning.

In Juily, 2013, the Board of Directors approved a motion to sell the 35 acre property purchased in 2011. The decision was made after economic conditions indicated that an expansion of programs and services was no longer feasible.