

FORT ARMSTRONG HORSEMEN'S ASSOCIATION FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Fort Armstrong Horsemen's Association Foundation

We have reviewed the accompanying financial statements of *Fort Armstrong Horsemen's Association Foundation* (a nonprofit organization), which comprise the statements of assets, liabilities and net assets - modified cash basis as of December 31, 2017 and 2016, and the related statements of revenues, expenses and changes in net assets – modified cash basis and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Houston & Associates, LLC

Washington, PA
April 3, 2018

FORT ARMSTRONG HORSEMEN'S ASSOCIATION FOUNDATION

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS

DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 60,077	\$ 54,114
PROPERTY AND EQUIPMENT		
Land	60,000	60,000
Facility improvements/additions	74,476	71,526
Furniture and equipment	<u>117,843</u>	<u>117,843</u>
	252,319	249,369
Less: accumulated depreciation	<u>(49,670)</u>	<u>(29,840)</u>
	<u>202,649</u>	<u>219,529</u>
TOTAL ASSETS	<u>\$ 262,726</u>	<u>\$ 273,643</u>

LIABILITIES AND NET ASSETS

LIABILITIES	\$ -	\$ -
Net Assets - Unrestricted	149,332	147,725
Net Assets - Permanently Restricted	<u>113,394</u>	<u>125,918</u>
	<u>262,726</u>	<u>273,643</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 262,726</u>	<u>\$ 273,643</u>

See accompanying notes and independent accountant's review report

FORT ARMSTRONG HORSEMEN'S ASSOCIATION FOUNDATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	UNRESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUE						
Direct public support	\$ -	\$ -	\$ -	\$ 60	\$ -	\$ 60
Gain/loss on asset sale	-	-	-	4,000	-	4,000
Rental fees	250	-	250	-	-	-
Interest income and miscellaneous	5	-	5	8	-	8
Contributions	18,361	-	18,361	2,215	-	2,215
Net asset transfers:						
Fixed asset depreciation	12,524	(12,524)	-	13,896	(13,896)	-
TOTAL REVENUE	31,140	(12,524)	18,616	20,179	(13,896)	6,283
EXPENSES						
Registration fees	82	-	82	-	-	-
Contract services	745	-	745	10,440	-	10,440
Repairs and maintenance	-	-	-	3,574	-	3,574
Club event expense	35	-	35	-	-	-
Grants and contributions	8,716	-	8,716	17,675	-	17,675
Bank fees	125	-	125	30	-	30
Depreciation	19,830	-	19,830	17,871	-	17,871
TOTAL EXPENSES	29,533	-	29,533	49,590	-	49,590
CHANGE IN NET ASSETS	1,607	(12,524)	(10,917)	(29,411)	(13,896)	(43,307)
NET ASSETS - BEGINNING OF YEAR	147,725	125,918	273,643	177,136	139,814	316,950
NET ASSETS - END OF YEAR	\$ 149,332	\$ 113,394	\$ 262,726	\$ 147,725	\$ 125,918	\$ 273,643

See accompanying notes and independent accountant's review report

FORT ARMSTRONG HORSEMEN'S ASSOCIATION FOUNDATION
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (10,917)	\$ (43,307)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	<u>19,830</u>	<u>17,871</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	8,913	(25,436)
CASH USED BY INVESTING ACTIVITIES		
Purchase of equipment	<u>(2,950)</u>	<u>(36,311)</u>
NET INCREASE (DECREASE) IN CASH	5,963	(61,747)
CASH - BEGINNING OF YEAR	<u>54,114</u>	<u>115,861</u>
CASH - END OF YEAR	<u><u>\$ 60,077</u></u>	<u><u>\$ 54,114</u></u>

See accompanying notes and independent accountant's review report

FORT ARMSTRONG HORSEMEN'S ASSOCIATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 - NATURE OF THE FOUNDATION

Fort Armstrong Horsemen's Association Foundation (The Foundation) was incorporated in 2002 as a nonprofit organization to raise funds and subsequently provide support for the benefit of Fort Armstrong Horsemen's Association; enabling the organization to do what is necessary to carry out their objectives and mission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

METHOD OF ACCOUNTING - The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Foundation has not recognized accounts receivable from donors or accounts payable to vendors and their related effects on earnings in the accompanying financial statements.

BASIS OF PRESENTATION - Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

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

Temporarily restricted net assets - Net assets that are available for use, but expendable only for those purposes specified by the grantor. There are no temporarily restricted net assets at December 31, 2017 and 2016.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Permanently restricted net assets consist of improvements to the facility that are depreciated and will remain with the property should the Fort Armstrong Horsemen's Association depart from that location. The permanently restricted net asset balance at December 31, 2017 and 2016 was \$113,394 and \$125,918, respectively.

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

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

PROPERTY AND EQUIPMENT - Assets are carried at cost. Depreciation is calculated using the accelerated and straight-line methods over the estimated useful lives of the assets which are primarily 5 to 15 years. Depreciation expense for the years ended December 31, 2017 and 2016, were \$19,830 and \$17,871, respectively.

INCOME TAXES - The Internal Revenue Service has determined that the Foundation is a qualified charity and exempt under Section 501(c)(3) of the Internal Revenue Code. As a result, no provision for federal or state income taxes has been made.

FASB ASC #740, Income Taxes, requires organizations to disclose in their financial statements the nature of any uncertainties in their tax position. Tax years including the year ended December 31, 2014 and later are subject to examination by tax authorities. Areas that IRS and other authorities consider when examining tax returns of a charity include, but may not be limited to, tax-exempt status and the existence and amount of unrelated business income. The Foundation does not believe that it has any uncertain tax positions with respect to these or other matters, and has not recorded any unrecognized tax benefits or liability for penalties or interest.

The Foundation is not aware of any circumstances or events that make it reasonably possible that tax benefits may increase or decrease within 12 months from the date of these financial statements.

FORT ARMSTRONG HORSEMEN'S ASSOCIATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS - For the purposes of the statements of assets, liabilities and net assets and cash flows, the Foundation considers cash in operating bank accounts, money market accounts and certificates of deposit with a maturity of three months or less to be cash and cash equivalents.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues and expenses for the reporting period, and disclosures. Accordingly, actual results could differ from these estimates.

SUBSEQUENT EVENTS - In connection with the preparation of the financial statements, management has evaluated events subsequent to December 31, 2017 and through April 3, 2018, which was the date the financial statements were available to be issued.

RECENT ACCOUNTING PRONOUNCEMENTS THAT ARE POTENTIALLY APPLICABLE TO THE FOUNDATION - On August 18, 2016, the FASB released ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which strives to improve not-for-profit entity (NFP) financial statements, and to provide more useful information to donors, grantors, creditors, and other financial statements users. The pronouncement changes how NFP's present net assets on the face of the financial statements, how underwater donor-restricted endowment funds are treated, as well as requires additional disclosures for expenses by nature and function. It also requires additional disclosures for the liquidity and availability of resources. The standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The implementation of this standard is not expected to have a significant impact on the Foundation's financial reporting.

FASB ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, amended existing guidance to require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amount shown on the statement of cash flows. The ASU is effective for years beginning after December 15, 2018. The implementation of ASU No. 2016-18 is not expected to have a significant impact on the Association's financial reporting.

NOTE 3 - RELATED PARTY TRANSACTIONS

As noted previously, the Foundation was organized to raise funds and subsequently provide grants/contributions for the benefit of Fort Armstrong Horsemen's Association, which was organized to provide a place for people to ride, show horses and a safe setting for family activities.

Specific transactions are as follows:

	<u>2017</u>	<u>2016</u>
CONTRIBUTIONS RECEIVED:		
Fort Armstrong Horsemen's Association	<u>\$ 18,361</u>	<u>\$ -</u>
CONTRIBUTIONS GIVEN:		
Fort Armstrong Horsemen's Association	<u>\$ 5,000</u>	<u>\$ 15,460</u>