

AUDITED FINANCIAL STATEMENTS

BIG RED BARN RETREAT

December 31, 2019

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December 31, 2019

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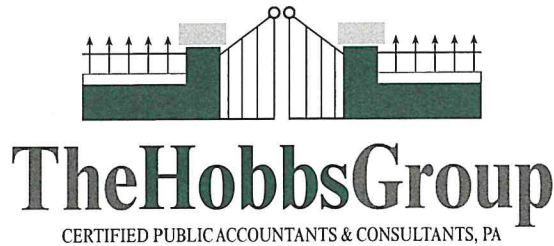
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Big Red Barn Retreat

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Big Red Barn Retreat (the "Retreat"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Retreat as of December 31, 2019, 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.

Columbia, South Carolina
May 15, 2020

The Halle Group, P.A.

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION
BIG RED BARN RETREAT
 December 31, 2019

ASSETS

Current Assets

Cash and cash equivalents - unrestricted	\$ 212,620
Cash and cash equivalents - restricted	36,500
Investments	150,184
Accounts receivable	9,061

Noncurrent Assets

Furniture and equipment, net	2,054
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TOTAL ASSETS	\$ 410,419
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LIABILITIES AND NET ASSETS

Liabilities

Total Liabilities	\$ 0
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Net Assets

Without donor restrictions	332,990
With donor restrictions	77,429

Total Net Assets	410,419
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TOTAL LIABILITIES AND NET ASSETS	\$ 410,419
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STATEMENT OF ACTIVITIES
BIG RED BARN RETREAT
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 103,600		\$ 103,600
Grants	103,225	\$ 96,500	199,725
In-kind rent	99,300		99,300
Investment income	390		390
Rental income	12,000		12,000
Retreat income	30,131		30,131
Yoga income	2,993		2,993
Psychotherapy income	9,061		9,061
Special events, net of related expenses of \$31,245	10,053		10,053
Other	548		548
Net assets released from restrictions	19,071	(19,071)	0
Total Revenues and Other Support	<u>390,372</u>	<u>77,429</u>	<u>467,801</u>
EXPENSES			
Program Services	279,627		279,627
Supporting Services			
Management and general	12,554		12,554
Fundraising	2,624		2,624
Total Expenses	<u>294,805</u>	<u>0</u>	<u>294,805</u>
CHANGE IN NET ASSETS	95,567	77,429	172,996
Net assets at beginning of year	<u>237,423</u>	<u>0</u>	<u>237,423</u>
NET ASSETS AT END OF YEAR	<u>\$ 332,990</u>	<u>\$ 77,429</u>	<u>\$ 410,419</u>

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

STATEMENT OF FUNCTIONAL EXPENSES
BIG RED BARN RETREAT
For the Year Ended December 31, 2019

	Program Services					Total Program Services	Supporting Services		Total Expenses
	Therapeutic Yoga	Psychotherapy Services	Healing Arts Workshops	Warrior PATHH	Other Programs		Management and General	Fundraising	
Advertising	\$ 3,407	\$ 3,407	\$ 3,407	\$ 4,157	\$ 3,407	\$ 17,785	\$ 945	\$ 946	\$ 19,676
Depreciation	247	247	247	247	247	1,235	68	67	1,370
Equipment	3,262	1,352	1,352	10,010	1,352	17,329	376	376	18,080
Food and Water	2,820	2,820	2,820	21		8,481			8,481
Garden	648	648	648	648		2,592			2,593
In-kind rent	17,874	17,874	17,874	17,874	17,874	89,370	9,930		99,300
Insurance	823	823	823	823	823	4,115	229	229	4,573
Instruction	31,615	44,697	14,180			90,492			90,492
Maintenance	893	893	893	893	893	4,465	248	248	4,961
Office supplies	46	46	2,784	1,533	46	4,455	13	13	4,481
Other	568	568	568	1,960	569	4,233	75	75	4,383
Postage	37	37	37	37	37	185	10	10	205
Professional services	513	513	513	23,548	513	25,600	143	143	25,886
Training	286	286	286	286	286	1,430	80	80	1,590
Utilities	1,572	1,572	1,572	1,572	1,572	7,860	437	437	8,734
TOTAL FUNCTIONAL EXPENSES	<u>\$ 64,611</u>	<u>\$ 75,783</u>	<u>\$ 48,004</u>	<u>\$ 63,610</u>	<u>\$ 27,619</u>	<u>\$ 279,627</u>	<u>\$ 12,554</u>	<u>\$ 2,624</u>	<u>\$ 294,805</u>

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

STATEMENT OF CASH FLOWS
BIG RED BARN RETREAT
 For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets		\$ 172,996
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense		1,370
Unrealized gain		(184)
Changes in operating assets and liabilities:		
Increase in accounts receivable		(9,061)
	NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>165,121</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments		(150,000)
	NET CASH USED IN INVESTING ACTIVITIES	<u>(150,000)</u>
	CHANGE IN CASH AND CASH EQUIVALENTS	15,121
Cash at beginning of year		<u>233,999</u>
	CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 249,120</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS
BIG RED BARN RETREAT
DECEMBER 31, 2019

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Big Red Barn Retreat (the "Retreat"), is a non-profit organization founded in 2014 in memory of a late veteran. The mission of the Retreat is to provide healing to those in need of peace. The Retreat's activities focus on providing non-clinical therapeutic services to active-duty and retired service members, veterans and their immediate family members who are suffering from military or combat related stress issues in a natural, relaxed setting. The Retreat funds its programs through private donations and local grants.

The Retreat offers four main therapeutic services for military personnel: therapeutic yoga, equine assisted psychotherapy, healing art workshops, and the Warrior PATHH program. Therapeutic yoga assists in treating mental stresses, physical injuries, and limitations received in military service using the time-honored and unique principles, teachings and practices of yoga. Equine assisted psychotherapy is the practice of using horses to address mental and behavioral health issues and/or personal development goals. It is a collaborative effort between a licensed therapist and a horse professional working with the clients and horses to address treatment or personal growth goals. Healing art workshops, led by an experienced facilitator, support emotional healing for those suffering from military or combat related stress issues and their immediate family members in need of peace. Warrior PATHH is progressive and alternative training for healing heroes, which are based on the science of post traumatic growth.

Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of the Retreat have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: The Retreat prepares its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations* (the "Guide").

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Retreat and changes therein are classified as follows:

Net assets without donor restrictions: The portion of the net assets of the Retreat that can be used subject only to the broad limits resulting from the nature of the Retreat, the environment in which it operates, and the purposes specified in its bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Retreat in the course of its business. The Retreat has the ability to choose when using these resources.

NOTES TO THE FINANCIAL STATEMENTS
BIG RED BARN RETREAT

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
Continued

Net assets with donor restrictions: The portion of net assets of the Retreat that is subject to either donor imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Retreat's choices when using these resources because the Retreat has a fiduciary responsibility to the donors to follow their instructions.

Revenue Recognition: Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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 the reported amounts of assets and liabilities and changes therein, 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. The significant estimates in these financial statements relate to the functional allocation of expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Retreat considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable: Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through a provision for bad debt expenses and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are credit to accounts receivable. Management has determined all amounts are collectible at December 31, 2019.

Investments: Investments in marketable securities with readily determinable fair values and all debt instruments in debt securities are reported at their fair values in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note C for the discussion of fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) (i.e., realized and unrealized gains and losses on investments) is included in the statement of activities, net of investment expenses, as increases or decreases in net assets without donor restrictions unless such income or appreciation is restricted by donor or law.

NOTES TO THE FINANCIAL STATEMENTS
BIG RED BARN RETREAT

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
Continued

Property and Equipment: Property and equipment are stated at cost at the date of acquisition or fair market value at the date of donation. Depreciation is calculated on a straight-line method over estimated useful lives of three, five, and seven years. The Retreat's property and equipment purchases that exceed or are valued \$5,000 or more are capitalized.

Functional Expenses: All expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing program and supporting services are allocated and summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. The allocation between program services, management and general, and fundraising expense is based on square footage.

Income Taxes: The Retreat has received a determination letter from the Internal Revenue Service (IRS) indicating it is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and is subject to federal income tax only on net unrelated business income. Management has determined that the Retreat has no current obligations for unrelated business income tax. Accordingly, no provisions for federal and state income taxes are included in the financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Retreat and recognize a tax liability (or asset) if the Retreat has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Retreat, and has concluded that as of December 31, 2019 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Retreat is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for tax years prior to 2016.

Advertising: Advertising expense for the year ended December 31, 2019 was \$19,676.

NOTE B -- CONCENTRATION OF CREDIT RISK

The Retreat maintains its cash in bank deposit accounts which at times may exceed federally insured limits. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2019, the Retreat's cash balance was fully insured by FDIC.

NOTE C -- FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

NOTES TO THE FINANCIAL STATEMENTS
BIG RED BARN RETREAT

NOTE C -- FAIR VALUE MEASUREMENTS

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Retreat has the ability to access.

- Level 2 Inputs to the valuation methodology include
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability; and
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2019.

Fixed Income: Valued at the closing price reported on the active market on which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Retreat's fair value measurements at December 31, 2019:

	Fair Value Measurements at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Fixed income	\$ 150,184			\$ 150,184
TOTAL ASSETS AT FAIR VALUE	\$ 150,184	\$ 0	\$ 0	\$ 150,184

Investment return in the statement of activities is reported net of investment expenses and is summarized as follows at December 31:

	2019
Interest and dividends	\$ 206
Realized and unrealized gain	184
TOTAL INVESTMENT RETURN	\$ 390

NOTES TO THE FINANCIAL STATEMENTS
BIG RED BARN RETREAT

NOTE D -- FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following as of December 31:

	<u>2019</u>
Furniture and equipment	\$ 4,425
Less accumulated depreciation	(2,371)
TOTAL FURNITURE AND EQUIPMENT, NET	<u>\$ 2,054</u>

Depreciation expense was \$1,370 for the year ending December 31, 2019.

NOTE E -- IN-KIND REVENUE AND EXPENSE

The Retreat receives in-kind amounts for the value of the 75 acre farm where the Retreat operates. In kind expenses were evaluated by a third party professional real estate broker based on the fair market rental value if the complex was leased to a third party rather than donated to the Retreat. In assessing the fair market value, lease rates for comparable farms in the area were used to evaluate the in-kind contribution for the donated value of the property in which the Retreat is located on. The value of the donated rental expense received was \$99,300 for the year ended December 31, 2019.

NOTE F -- RELATED PARTY TRANSACTIONS

For the year ended December 31, 2019, a substantial portion of revenue was derived from a Board member who is also a family member of the Executive Director. Additionally, the property donated to the Retreat and reflected as in-kind revenue and in-kind expense was made by the same person. Revenue derived from this person represents 5% of total revenues for the year ended December 31, 2019.

NOTE G -- NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following programs at December 31:

	<u>2019</u>
Dorothy Smith Yoga Grant	\$ 4,295
Healing Lens Grant	4,622
Hootie and the Blowfish Grant	8,762
Ameritrade Warrior PATHH Grant	59,750
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 77,429</u>

NOTES TO THE FINANCIAL STATEMENTS
BIG RED BARN RETREAT

NOTE H -- LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Retreat's financial assets as of December 31, 2019, reduced by amounts not available for general expenditure within on year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Board of Directors has set aside the funds for a specific contingency reserve.

Financial assets:		
Cash and cash equivalents	\$	249,120
Investments		150,184
Accounts receivable		<u>9,061</u>
Total Financial Assets		408,365
Less those unavailable for general expenditure within one year, due to:		
Funds with donor restrictions		<u>(77,429)</u>
FINANCIAL ASSETS TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ON YEAR	\$	<u>330,936</u>

NOTE I -- SUBSEQUENT EVENT

Subsequent events were evaluated through May 15, 2020, which represents the date the financial statements were available to be issued.

Impact of COVID 19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The impact on the accompanying financial statements of the COVID-19 outbreak cannot be readily determined. Financial markets, distribution networks and the ultimate impact of this outbreak to the financial operations of the Retreat are difficult to assess and predict. The Retreat is taking steps to mitigate the impact of the outbreak, but the ultimate success of this endeavor cannot be predicted at this time.