

AUDITED FINANCIAL STATEMENTS

BIG RED BARN RETREAT

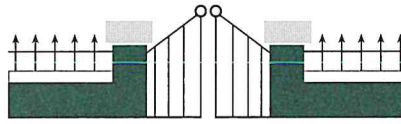
December 31, 2017

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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 statements of financial position as of December 31, 2017 and 2016, 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 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Columbia, South Carolina
March 23, 2018

The Hall Group, P.A.

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION
BIG RED BARN RETREAT

	December 31,	
	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 107,065	\$ 78,408
Noncurrent Assets		
Furniture and equipment, net	<u>4,056</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 111,121</u>	<u>\$ 78,408</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>
Net Assets		
Unrestricted	<u>111,121</u>	<u>78,408</u>
Total Net Assets	<u>111,121</u>	<u>78,408</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 111,121</u>	<u>\$ 78,408</u>

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

STATEMENTS OF ACTIVITIES
BIG RED BARN RETREAT

	For the Years Ended December 31,	
	2017	2016
REVENUES AND OTHER SUPPORT		
Contributions	\$ 79,209	\$ 63,145
Grants	25,000	25,000
In-kind rent	99,300	99,300
Rental income	13,938	13,000
Retreat income	2,740	0
Other	1,813	565
Total Revenues and Other Support	<u>222,000</u>	<u>201,010</u>
EXPENSES		
Program Services	174,824	147,880
Supporting Services		
Management and general	13,276	12,296
Fundraising	1,187	1,180
Total Expenses	<u>189,287</u>	<u>161,356</u>
CHANGE IN NET ASSETS	32,713	39,654
Net assets at beginning of year	<u>78,408</u>	<u>38,754</u>
NET ASSETS AT END OF YEAR	<u>\$ 111,121</u>	<u>\$ 78,408</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, 2017

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Advertising	\$ 3,574	\$ 420	\$ 210	\$ 4,204
Fuel	100	12	5	117
Healing Arts	12,140			12,140
In-kind rent	89,370	9,930		99,300
Insurance	3,045	358	179	3,582
Maintenance	1,687	199	99	1,985
Office supplies	272	32	16	320
Other	778	92	46	916
Professional services	2,664	314	157	3,135
Psychotherapy	24,776			24,776
Utilities	5,037	593	296	5,926
Yoga	22,868			22,868
Food/Water	3,035	357	179	3,571
Garden	5,478			5,478
Grants		600		600
Depreciation		369		369
TOTAL FUNCTIONAL EXPENSES	<u>\$ 174,824</u>	<u>\$ 13,276</u>	<u>\$ 1,187</u>	<u>\$ 189,287</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, 2016

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Advertising	\$ 5,254	\$ 618	\$ 309	\$ 6,181
Fuel	303	36	18	357
Healing Arts	8,252			8,252
In-kind rent	89,370	9,930		99,300
Insurance	3,039	358	178	3,575
Maintenance	5,410	636	318	6,364
Office supplies	116	14	6	136
Other	874	103	51	1,028
Professional services	2,805	330	165	3,300
Psychotherapy	7,420			7,420
Training	225			225
Utilities	2,302	271	135	2,708
Yoga	22,510			22,510
TOTAL FUNCTIONAL EXPENSES	<u>\$ 147,880</u>	<u>\$ 12,296</u>	<u>\$ 1,180</u>	<u>\$ 161,356</u>

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

STATEMENTS OF CASH FLOWS
BIG RED BARN RETREAT

	For the Years Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 32,713	\$ 39,654
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	369	0
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>33,082</u>	<u>39,654</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(4,425)	0
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,425)</u>	<u>0</u>
CHANGE IN CASH AND CASH EQUIVALENTS	28,657	39,654
Cash at beginning of year	<u>78,408</u>	<u>38,754</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 107,065</u>	<u>\$ 78,408</u>

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

NOTES TO THE FINANCIAL STATEMENTS
BIG RED BARN RETREAT

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. The Retreat was 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 three main therapeutic services for military personnel: therapeutic yoga, equine assisted psychotherapy, and healing art workshops. 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. Between these three programs the Retreat served approximately 1,700 veterans in 2017.

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, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Retreat is required to report information regarding its financial position and activities according to three net asset categories: unrestricted, temporarily restricted, and permanently restricted. These categories are defined as follows:

Unrestricted Net Assets: net assets that are not subject to donor-imposed stipulations, and therefore are expendable for operating purposes.

Temporarily Restricted Net Assets: net assets are subject to donor-imposed stipulations, which are met by either actions of the Retreat and/or the passage of time. When a donor-imposed restriction is met, that is, when the 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. The Retreat has no temporarily restricted net assets as of December 31, 2017 and 2016.

NOTES TO THE FINANCIAL STATEMENTS
BIG RED BARN RETREAT

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

Permanently Restricted Net Assets: net assets resulting from contributions and other inflows of assets whose use by the Retreat is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise be removed by actions of the Retreat. The Retreat has no permanently restricted net assets as of December 31, 2017 and 2016.

Revenue Recognition: Grants and contributions of cash and other assets are reported as unrestricted support unless specifically restricted by the donor. Grants and contributions received with donor-imposed restrictions that are met in the same year in which the grant or contribution is received are also classified as unrestricted support.

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.

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

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 \$1,000 or more are capitalized.

Functional Expenses: The costs of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

NOTES TO THE FINANCIAL STATEMENTS
BIG RED BARN RETREAT

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

- Continued

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, 2017 and 2016, 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 2014.

Advertising: Advertising expense for the years ended December 31, 2017 and 2016 was \$4,204 and \$6,181, respectively.

Reclassifications: Certain reclassifications have been made to the 2016 account classifications to make the presentation comparable to 2017. These classifications have no impact on net assets as previously reported.

Subsequent events: Management performed an evaluation of subsequent events through March 23, 2018, the date in which the financial statements were available to be issued.

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, 2017 and 2016, the Retreat's cash balance was fully insured by FDIC.

NOTE C -- FURNITURE AND EQUIPMENT

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

	2017	2016
Furniture and equipment	\$ 4,425	\$ 0
Less accumulated depreciation	(369)	0
TOTAL FURNITURE AND EQUIPMENT, NET	<u>\$ 4,056</u>	<u>\$ 0</u>

Depreciation expense was \$369 and \$0 for the years ending December 31, 2017 and 2016, respectively.

NOTES TO THE FINANCIAL STATEMENTS
BIG RED BARN RETREAT

NOTE D -- 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 both the years ended December 31, 2017 and 2016.

NOTE E -- RELATED PARTY TRANSACTIONS

For the years ended December 31, 2017 and 2016, 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 56% and 74% of total revenues for the years ended December 31, 2017 and 2016, respectively.