

**NORTHERN VIRGINIA
THERAPEUTIC RIDING PROGRAM, INC.**



**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

**NORTHERN VIRGINIA
THERAPEUTIC RIDING PROGRAM, INC.**

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of
Northern Virginia Therapeutic Riding Program, Inc.

We have audited the accompanying financial statements of Northern Virginia Therapeutic Riding Program, Inc. (the Program), a not-for-profit organization, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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.

Auditor's 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Virginia Therapeutic Riding Program, Inc. as of December 31, 2015 and 2014, 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.

To the Board of Governors of
Northern Virginia Therapeutic Riding Program, Inc.
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Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 13 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Burdette Smith + Bish, LLC

Fairfax, Virginia
May 25, 2016

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
<hr/>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 581,013	\$ 467,273
Accounts receivable, net	1,748	1,266
Promises to give, net	286,525	382,000
Grant receivable	7,500	5,000
Prepaid expenses	10,837	5,799
Total Current Assets	887,623	861,338
INVESTMENTS	45,018	63,692
PROPERTY AND EQUIPMENT, AT COST	2,628,810	2,543,319
Less: accumulated depreciation and amortization	(179,449)	(158,489)
	2,449,361	2,384,830
OTHER ASSETS		
Promises to give, net	336,133	448,655
	\$ 3,718,135	\$ 3,758,515
<hr/>		
LIABILITIES AND NET ASSETS		
<hr/>		
CURRENT LIABILITIES		
Accounts payable	\$ 6,823	\$ 19,154
Accrued liabilities	5,294	2,483
Current portion of mortgage payable	22,045	100,000
Deferred revenue	25,027	19,550
Total Current Liabilities	59,189	141,187
LONG-TERM LIABILITIES		
Mortgage payable (less current portion of \$22,045 and \$100,000)	1,026,096	1,050,000
COMMITMENTS		
NET ASSETS		
Unrestricted	1,913,983	1,604,425
Temporarily restricted	718,867	962,903
	2,632,850	2,567,328
	\$ 3,718,135	\$ 3,758,515

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

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
UNRESTRICTED NET ASSETS		
REVENUE		
Riding lessons	\$ 158,889	\$ 170,239
Contributions	704,438	765,161
Special events (net)	119,462	69,039
Other program income	92,387	87,354
Investment income, net of expenses	140	2,030
Gain (loss) on dispositions	(1,461)	(1,896)
	1,073,855	1,091,927
Net assets released from restrictions	391,349	377,186
	1,465,204	1,469,113
EXPENSES		
Program services	1,009,433	1,048,354
General and administrative	69,316	83,022
Fundraising	76,897	60,943
	1,155,646	1,192,319
 INCREASE IN UNRESTRICTED NET ASSETS	 309,558	 276,794
 TEMPORARILY RESTRICTED NET ASSETS		
Contributions	147,313	245,041
Net assets released from restrictions	(391,349)	(377,186)
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	(244,036)	(132,145)
 TOTAL INCREASE IN NET ASSETS	 65,522	 144,649
NET ASSETS, BEGINNING OF YEAR	2,567,328	2,422,679
NET ASSETS, END OF YEAR	\$ 2,632,850	\$ 2,567,328

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

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (decrease) in net assets	\$ 65,522	\$ 144,649
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Bad debt expense	14,609	27,028
Depreciation and amortization	23,598	23,540
Discount on pledges receivable	(2,382)	3,640
Donated investments, property and equipment	(5,871)	(24,810)
(Gain) loss on dispositions	1,461	1,896
Realized (gain) loss on investments	1,036	-
Unrealized (gain) loss on investments	1,864	294
(Increase) decrease in:		
Accounts receivable	(1,450)	2,250
Promises to give	196,738	40,720
Grant receivable	(2,500)	(5,000)
Prepaid expenses	(5,038)	(2,100)
Increase (decrease) in:		
Accounts payable	(12,331)	(1,420)
Accrued salaries and payroll taxes	2,811	(4,916)
Deferred revenue	5,477	4,230
	<u>218,022</u>	<u>65,352</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>283,544</u>	<u>210,001</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash used to purchase property and equipment	(84,620)	(92,845)
Cash used to purchase investments	(7,563)	(48,125)
Cash proceeds from sale of property and equipment	900	901
Cash proceeds from sale of investments	23,338	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(67,945)</u>	<u>(140,069)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on mortgage payable	(101,859)	(100,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(101,859)</u>	<u>(100,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	113,740	(30,068)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	467,273	497,341
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>581,013</u>	\$ <u>467,273</u>
<u>SUPPLEMENTAL CASH FLOW INFORMATION</u>		
Cash paid for interest	\$ 51,499	\$ 56,353
<u>SUPPLEMENTAL NON-CASH ACTIVITIES</u>		
Donated property and equipment	\$ 5,871	\$ 8,949
Donated stocks used to purchase investments	-	15,861
Donated special events contributions	22,092	20,380
In-kind services performed	549,506	574,142
	\$ <u>577,469</u>	\$ <u>619,332</u>

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

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

NOTE 1 - Summary of Significant Accounting Policies

The Northern Virginia Therapeutic Riding Program, Inc. (the Program) is a not-for-profit organization incorporated under the laws of the Commonwealth of Virginia on March 9, 1998. The Program provides equine-assisted activities for children and adults with physical, cognitive and emotional challenges (including youth-at-risk and recovering military service personnel) and their families in Northern Virginia.

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Income Recognition

Revenue from riding lessons is recognized upon the completion of each riding session. Deferred revenue represents fees collected in advance of the completion of the riding session.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Program reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor 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 restriction.

The Program reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Program reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

In-Kind Support

Contributions of donated services that enhance a non-financial asset and contributed services that are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying financial statements. Contributed services represent the value of donated program volunteer and other services, special event professional service, and legal services and are recorded as contributions at their estimated fair market value as of the date of the donation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the financial statements include the collectability of promises to give, the discount rates used to record net present value adjustment on long-term promises to give and the estimated useful lives of property and equipment.

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

NOTE 1 - Summary of Significant Accounting Policies, Continued

Cash Equivalents

For purposes of the statement of cash flows, the Program considers checking, money market, and savings not held within the investment portfolio to be cash and cash equivalents.

Fair Value of Financial Statements

Accounting principles generally accepted in the United States established a framework for measuring fair value, clarifying the definition of fair value within that framework and expanding disclosure about fair value measurements. U.S. GAAP established a three-tiered fair value hierarchy with Level 1 representing quoted prices for identical assets or liabilities in an active market, Level 2 representing quoted prices for identical assets or liabilities in a market that is non-active or with other than directly or indirectly observable inputs, and Level 3 representing estimate values based on unobservable inputs. Related disclosures are segregated for assets and liabilities measured at fair value based on the level used within the hierarchy to determine their fair values.

The carrying amounts for cash and cash equivalents, prepaid expenses, accounts payable, accrued liabilities and current maturities of long-term borrowing approximate fair market value because of the short maturity of these instruments. The carrying amount of long-term debt approximates fair market value because the interest rate on the instrument is consistent with rates offered for debt with similar terms and maturities.

Accounts Receivable

Accounts receivable are reported net of an estimate made for doubtful collections. The provision for doubtful accounts is based on management's annual evaluation of outstanding accounts and shall not be less than 3% of the total amount of accounts receivable that are more than 30 days in age. Accounts receivable are written off against the allowance account when collection efforts have been exhausted.

Promises to Give

Unconditional promises to give are reported net of an estimate made for doubtful pledge collections. The allowance for doubtful promises to give is based on management's evaluation of the status of existing promises to give and historical results. The provision for doubtful accounts is 3% of the total amount of pledges receivable at year end. Pledges receivable are written off against the allowance account when collection efforts have been exhausted.

Unconditional promises to give that are expected to be received within one year are recorded at their face amount, which is estimated to approximate fair value. Amounts to be received in a future period are discounted to their net present value at the time the revenue is recorded. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are anticipated to be received. Discount rates were 2.0% for both years ended December 31, 2015 and 2014. Amortization of the discount is included in contribution revenue.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying supplemental schedule of functional expenses. Accordingly, certain costs have been allocated among the programs, fundraising and management and general activities benefitted based on level of effort.

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

NOTE 1 - Summary of Significant Accounting Policies, Continued

Investments

Investments in money market funds and equity securities with readily determinable fair value are reported in the statement of financial position at fair value using level 1 valuation methodology. Interest, dividends and realized gains or losses are recorded when earned or sustained. Fluctuations in the market value of the portfolio are recorded as unrealized gains or losses in the accompanying statements of activities. Donated securities are recorded based on quoted market values as of the close of business on the date the security is received and are sold upon receipt or immediately thereafter to establish fair market value.

Property and Equipment

Property and equipment (including major renewals, replacements and betterments), with a cost of \$500 or more, are capitalized and stated at cost. Expenditures for ordinary maintenance and repair items are charged to operations as incurred. Upon the sale or other disposition of property, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the changes in net assets. Depreciation is provided for principally under the straight-line method. Asset useful lives are from three to forty years. Leasehold improvements are amortized under the straight-line method over the lease term.

Classes of Assets

To ensure the observance of limitations and restrictions placed on the use of resources available to the Program, resources for various purposes are classified for accounting purposes into classes established according to their nature and purpose as follows:

Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and includes Board designated funds, i.e.: funds that have been segregated by the Board to be spent only on specific purposes.

Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Program pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes. The Program has no permanently restricted net assets.

Tax Exempt Status

The Program has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended and classified as other than a private foundation. However, income from certain activities not directly related to the Program's tax-exempt purpose may be subject to taxation as unrelated business income.

Management has evaluated the Program's tax positions and concluded that the Program had taken no uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Program is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years prior to 2012.

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

NOTE 1 - Summary of Significant Accounting Policies, Continued

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs were \$899 and \$1,474 for the years ended December 31, 2015 and 2014, respectively.

Subsequent Events

In preparing the accompanying financial statements, the Program has evaluated events and transactions for potential recognition or disclosure through May 25, 2016, the date the financial statements were available for issuance.

NOTE 2 – Concentration of Credit Risk

The Program maintains bank accounts with a credit-worthy, high quality financial institution. The Federal Deposit Insurance Corporation (FDIC) has limitations on the amount it will insure and the Program's accounts balances may periodically exceed that amount. The Program has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

NOTE 3 – Accounts Receivable

Accounts receivable, net of allowance for doubtful collections, is comprised of the following at December 31:

	<u>2015</u>	<u>2014</u>
Accounts receivable	\$ 1,938	\$ 1,456
Less: allowance for doubtful collections	(190)	(190)
	<u>\$ 1,748</u>	<u>\$ 1,266</u>

Bad debt expense recognized on accounts receivable totaled \$968 and \$883 during the years ended December 31, 2015 and 2014, respectively.

NOTE 4 – Promises to Give

The Program's promises to give, net of allowance for doubtful collections and discount, consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Receivable in one year or less	\$ 286,525	\$ 382,000
Receivable in two to four years	373,000	469,500
	659,525	851,500
Less: allowance for doubtful collections	(19,786)	(6,145)
Less: adjustment to net present value	(17,081)	(14,700)
	<u>\$ 622,658</u>	<u>\$ 830,655</u>
Current portion	\$ 286,525	\$ 382,000
Long-term portion	336,133	448,655
	<u>\$ 622,658</u>	<u>\$ 830,655</u>

Bad debt expense recognized on pledges receivable totaled \$13,641 and \$26,145 for the years ended December 31, 2015 and 2014, respectively. See Note 8.

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

NOTE 5 - Investments

Investments are stated at fair value using level 1 valuation methodology and consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Money market	\$ 2,098	\$ 48,125
Equity and mutual funds	42,920	15,567
	\$ 45,018	\$ 63,692

Investment income is comprised of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 3,545	\$ 2,324
Net unrealized gains (losses)	(1,864)	(294)
Realized gain (loss)	(1,036)	-
Investment expenses	(505)	-
	\$ 140	\$ 2,030

NOTE 6 - Property and Equipment

Property and equipment, at cost, and the related accumulated depreciation and amortization as of December 31 are summarized as follows:

	<u>2015</u>	<u>2014</u>
Land	\$ 1,521,425	\$ 1,521,425
Building	498,357	498,357
Permanent facility acquisition costs	67,472	67,472
Indoor riding arena preparation	388,902	307,588
Horses	38,366	43,365
Program equipment	61,384	61,384
Office equipment and furniture	9,725	9,725
Software	1,000	1,000
Leasehold improvements	10,667	10,667
Vehicles	28,207	22,336
Loan costs	3,305	-
	2,628,810	2,543,319
Less: accumulated depreciation and amortization	(179,449)	(158,489)
	\$ 2,449,361	\$ 2,384,830

Depreciation and amortization expense totaled \$23,598 and \$23,540 for the years ended December 31, 2015 and 2014, respectively.

NOTE 7 - Mortgage Payable

In January 2012, the Program entered into a \$1,450,000 mortgage note with a local bank to finance the purchase of the remaining 11.5 acres of Full Cry Farm (See Note 6). Interest is payable at 4.8% per annum increasing to 5.25% per annum from January 2014 to January 2020. Monthly payments are interest-only payments on principal balance. In addition, \$100,000 in principal will be paid annually from January 2012 to January 2020. The note is secured by first priority lien and Deed of Trust on the property, in addition to all assets of the Program. The Program also assigned first priority security interest in the \$1,000,000 pledge (See Note 8) and maintained an Interest Reserve Account in the amount equal to one year of debt service reserve required under the note.

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

NOTE 7 – Mortgage Payable, Continued

During 2015, the Program refinanced the above mortgage note. The principal amount was \$1,050,000 with an interest rate of 4.8% from October 2015 through September 4, 2020. From September 5, 2020 to the maturity date of September 2025, interest will be adjusted to the Treasury Constant Yield Rate plus three and one-quarter percentage point (3.25%). Monthly interest and principal payments are \$6,059, with the remaining balloon payment of \$778,894 due on the maturity date. The Program is required to maintain certain operating and reporting covenants. All other terms remained the same.

	<u>2015</u>	<u>2014</u>
Mortgage payable	\$ <u>1,048,141</u>	\$ <u>1,150,000</u>
Current maturities	\$ 22,045	\$ 100,000
Long-term maturities	<u>1,026,096</u>	<u>1,050,000</u>
	\$ <u>1,048,141</u>	\$ <u>1,150,000</u>

Long-term debt maturities for years ending December 31 are as follows:

2017	\$ 23,285	
2018	24,444	
2019	25,661	
Thereafter	<u>952,706</u>	
	\$ <u>1,026,096</u>	

Interest expense for the years ended December 31, 2015 and 2014 totaled \$51,499 and \$56,353, respectively.

NOTE 8 - Temporarily Restricted Net Assets

All unconditional promises to give are recorded as temporarily restricted net assets and income at the time the promise is communicated. The promises are considered temporarily restricted because the donor is restricting the time period in which the assets may be used by not transferring them immediately. Funds received that have a donor restriction on the use are also recorded as temporarily restricted net assets. When a restriction expires, that is, when a stipulated time restriction 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.

Temporarily restricted net assets are restricted for the following purpose at December 31:

	<u>2015</u>	<u>2014</u>
Capital campaign, pledged	\$ 403,254	\$ 558,475
Indoor riding arena construction	218,607	338,293
Scholarships	47,120	48,742
Community outreach program	44,128	11,812
Other	<u>5,758</u>	<u>5,581</u>
	\$ <u>718,867</u>	\$ <u>962,903</u>

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

NOTE 9 – Lease Income

The Program leases a portion of the single family home located on the property. Lease income totaled \$2,800 and \$7,780 for the years ended December 31, 2015 and 2014, respectively.

NOTE 10 – Contributed Services

Patrons of the Program donate their time and talents for program and administrative activities and events that demonstrate to the community what the Program has to offer. Volunteers are required to attend specially-tailored training for therapeutic riding to assist in riding lessons as side walkers and horse leaders as well as horse care and barn management. The Program adopted a policy to objectively measure the value of volunteer services. Accordingly, the accompanying statements include a value for volunteer program-related services provided to the Program, excluding time contributed by members of the Board of Governors, for the years ended December 31, 2015 and 2014.

The accompanying statements also include contributed special event and other professional services provided to the Program for the years ended December 31, 2015 and 2014, as measured based on the fair value of those services.

Contributed services revenue and corresponding expenses are comprised of the following at December 31:

	<u>2015</u>		<u>2014</u>
Volunteer program-related services	\$ 549,116	\$	572,700
Other program-related services	390		1,192
Special event professional services	-		250
	<u>\$ 549,506</u>	\$	<u>574,142</u>

NOTE 11– Special Events

Special fundraising events are reflected net of costs in the statement of activities. Gross revenues and costs for the years ended December 31 are as follows:

	<u>2015</u>		<u>2014</u>
Revenues	\$ 187,375	\$	129,800
Costs	(67,913)		(60,761)
	<u>\$ 119,462</u>	\$	<u>69,039</u>

NOTE 12 – Unrestricted, Board Designated Net Assets

The Board of Governors has segregated certain fundraising funds to be spent only for capital campaign and scholarship purposes. At December 31, 2015 and 2014, designated net assets totaled \$91,053 and \$92,053, respectively.

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

SCHEDULES OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2015 (WITH 2014 SUMMARIZED)

	Program Services	General and Administrative	Fundraising	2015 Total	2014 Total
Bad debt expense	\$ 968	\$ 13,641	\$ -	\$ 14,609	\$ 27,028
Capital campaign	-	-	1,095	1,095	726
Depreciation and amortization	23,598	-	-	23,598	23,540
Education and training expenses	4,421	-	-	4,421	2,802
Horse expenses	72,990	-	-	72,990	79,362
In-kind contributed services	549,116	-	-	549,116	572,700
Insurance	26,055	208	-	26,263	45,996
Interest expense	51,499	-	-	51,499	56,353
Marketing and promotional	898	-	-	898	1,474
Payroll costs	178,773	39,038	75,802	293,613	270,005
Printing and postage	556	-	-	556	1,092
Professional fees	-	16,000	-	16,000	20,825
Program supplies and expense	35,808	-	-	35,808	24,773
Repairs and maintenance	18,645	-	-	18,645	12,831
Taxes and licenses	18,433	-	-	18,433	19,093
Telephone	3,863	429	-	4,292	4,653
Therapists	16,605	-	-	16,605	23,367
Utilities	5,163	-	-	5,163	4,235
Volunteers	2,042	-	-	2,042	1,464
	<u>\$ 1,009,433</u>	<u>\$ 69,316</u>	<u>\$ 76,897</u>	<u>\$ 1,155,646</u>	<u>\$ 1,192,319</u>

See independent auditors' report.