

FORWARD STRIDE

Financial Statements

For the Year Ended June 30, 2021

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DOUGALL CONRADIE LLC
CERTIFIED PUBLIC ACCOUNTANTS

Geoffrey Dougall, CPA
Heather Jackson, CPA
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Lee Owen, CPA
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Members of AICPA & OSCPA

Independent Auditor's Report

To the Board of Directors
Forward Stride
Beaverton, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Forward Stride which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, 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.

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 Forward Stride as of June 30, 2021, 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.

Report on Summarized Comparative Information

We have previously audited Forward Stride's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 6, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dougall Conradi LLC

Portland, Oregon
March 17, 2022

FORWARD STRIDE
STATEMENT OF FINANCIAL POSITION
June 30, 2021
(With Comparative Totals For June 30, 2020)

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 527,952	\$ 593,534
Accounts receivable	7,808	15,487
Prepaid expenses, other current assets	5,029	1,959
Total current assets	540,789	610,980
Fixed assets, net of accumulated depreciation	990,568	651,909
Total assets	\$ 1,531,357	\$ 1,262,889
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of notes payable	\$ -	\$ 8,525
Accounts payable	9,874	109,713
Accrued payroll	27,652	27,878
Accrued vacation	23,064	22,458
Deferred revenues	76,344	31,842
Government paycheck protection program loan	105,675	113,014
Total current liabilities	242,609	313,430
Notes payable, net of current portion	-	5,750
Total liabilities	242,609	319,180
NET ASSETS		
Without restrictions	1,032,924	785,707
Board designated	100,000	-
Total net assets without restrictions	1,132,924	785,707
With restrictions	155,824	158,002
Total net assets	1,288,748	943,709
Total liabilities and net assets	\$ 1,531,357	\$ 1,262,889

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

FORWARD STRIDE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2021
(With Comparative Totals For the Year Ended June 30, 2020)

	2021			2020
	Without Restrictions	With Restrictions	Total	
Revenues:				
Contributions and grants	\$ 924,738	\$ 22,326	\$ 947,064	\$ 941,796
Program revenues	447,716	-	447,716	455,838
Special events	11,654	-	11,654	53,339
Forgiveness of paycheck protection program loan	111,359	-	111,359	-
Other revenues	14,303	-	14,303	21,767
Loss on sale of investment	-	-	-	(36,148)
Total revenues	1,509,770	22,326	1,532,096	1,436,592
Net assets released from restrictions	24,504	(24,504)	-	-
Total revenues, net	1,534,274	(2,178)	1,532,096	1,436,592
Expenses:				
Program services	921,728	-	921,728	1,108,679
Management and general	202,983	-	202,983	121,065
Fundraising	62,346	-	62,346	119,495
Total expenses	1,187,057	-	1,187,057	1,349,239
Change in net assets	347,217	(2,178)	345,039	87,353
Net assets, beginning of year	785,707	158,002	943,709	856,356
Net assets, end of year	<u>\$ 1,132,924</u>	<u>\$ 155,824</u>	<u>\$ 1,288,748</u>	<u>\$ 943,709</u>

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

FORWARD STRIDE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021
(With Comparative Totals For the Year Ended June 30, 2020)

	2021				2020
	Program Services	Management and General	Fundraising	Total	
Salaries and wages	\$ 347,248	\$ 141,276	\$ 24,933	\$ 513,457	\$ 521,849
Payroll taxes	35,613	14,516	2,532	52,661	53,831
Employee benefits	2,825	1,149	203	4,177	7,040
Horse care and supplies	278,646	-	-	278,646	432,825
Professional services	4,851	1,973	1,596	8,420	12,028
Client assistance	6,539	2,498	1,883	10,920	11,819
Office expenses	18,931	5,393	3,746	28,070	24,086
Occupancy	59,622	24,257	4,281	88,160	87,090
Insurance	32,722	8,119	1,433	42,274	26,687
Repairs and maintenance	42,036	1,351	238	43,625	47,046
Bank fees	10,533	1,916	2,179	14,628	17,308
Travel and conferences	1,298	418	149	1,865	6,470
Fundraising events	-	-	19,152	19,152	43,770
Interest expense	289	117	21	427	1,225
Depreciation expense	80,575	-	-	80,575	56,165
	<u>\$ 921,728</u>	<u>\$ 202,983</u>	<u>\$ 62,346</u>	<u>\$ 1,187,057</u>	<u>\$ 1,349,239</u>

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

FORWARD STRIDE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021
(With Comparative Totals For the Year Ended June 30, 2020)

	2021	2020
Cash flows from operating activities:		
Cash received from contributions and special events	\$ 850,623	\$ 741,544
Cash received from program revenues	499,897	451,124
Cash received from other revenues	14,303	21,767
Cash paid to employees and suppliers	(1,100,916)	(934,475)
Net cash provided by operating activities	263,907	279,960
Cash flows from investing activities:		
Proceeds from the sale of real estate investment	-	457,602
Cash paid for purchase of fixed assets	(419,234)	(427,048)
Net cash used in investing activities	(419,234)	30,554
Cash flows from financing activities:		
Proceeds from paycheck protection program loan	105,675	113,014
Payments on paycheck protection program loan	(1,655)	-
Payments on notes payable	(14,275)	(37,415)
Net cash (used in) provided by financing activities	89,745	75,599
Net change in cash and cash equivalents	(65,582)	386,113
Cash and cash equivalents, beginning of year	593,534	207,421
Cash and cash equivalents, end of year	\$ 527,952	\$ 593,534

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

FORWARD STRIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE A – ORGANIZATION

Forward Stride (the “Organization”) is a nonprofit corporation organized in the State of Oregon. The Organization is dedicated to improving lives through equine-assisted activities and therapies. The Organization receives funding from contributions and program revenues.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization 's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

Cash and cash equivalents include accounts with financial institutions covered by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. For purposes of the statement of cash flows, the Organization considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization deposits its cash in financial institutions. At June 30, 2021 there was \$292,117 of cash balances that were not covered by FDIC insurance limits.

Revenue Recognition

Revenue is recognized when the service is provided. Revenues received in advance of the service being performed are recorded as deferred revenues.

FORWARD STRIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions

Grants and contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Program Revenue

Event and program revenue is recognized when the event or service takes place. Payments received in advance of the event or service are recorded as deferred revenues.

Gifts-In-Kind

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. All in-kind contributions of services and materials are recorded at their estimated fair values. During the year ended June 30, 2021 the Organization recognized \$106,333 in in-kind donation of professional services related to horse care and training. During the year ended June 30, 2021, the Organization also received donations of professional services valued at \$1,762.

Accounts Receivable

Accounts receivable represent amounts due under contracts for program services. Management uses the allowance method to account for uncollectible accounts. The Organization determines its allowance by considering a number of factors, including the length of time the accounts receivable are past due and previous loss history. The Organization writes off accounts receivable when they become uncollectible. Management has determined that no allowance is necessary at June 30, 2021.

Fixed Assets

Fixed assets are recorded at purchase cost. Acquisitions, renovations and repairs which increase the value of assets and have an estimated useful life in excess of one year are capitalized. All expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of the assets are expensed in the period in which the cost is incurred. Contributed assets are recorded at its fair market value on the date of contribution.

The Organization depreciates fixed assets over its estimated useful life using the straight-line method for financial reporting purposes, which is generally the following:

Horses	5 – 10 years
Riding tack and equipment	5 – 10 years
Furniture and office equipment	5 years
Leasehold improvements	10 years

FORWARD STRIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Advertising is expensed as incurred.

Income Taxes

The Organization received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. It is management's opinion that none of the Organization's present activities are subject to unrelated business income taxes. Therefore, no provision for income taxes has been recorded in the accompanying financial statements. The Organization's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax returns have a three-year statute of limitations.

Fundraising Expenses

The Organization follows the guidance in ASC 958-720 related to accounting for costs of activities that include fundraising. As a result, if a fundraising activity contains joint costs that might be allocated to programs or other activities, specific criteria regarding the audience and purpose of activity will be considered before costs will be allocated. If the criteria are not met, all costs are reported as fundraising expenses. During the year ended June 30, 2021 no joint costs were allocated to programs or other activities. Total fundraising expenses for the year were \$62,346.

Fair Value of Financial Instruments

Due to the short-term nature of cash equivalents, receivables, prepaid expenses and other assets, and accrued liabilities, their fair value approximates carrying value.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on payroll costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FORWARD STRIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that were allocated include the following:

Salaries and benefits	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Office expenses	Time and effort
Insurance	Time and effort

Prior Year Summarized Information for 2020

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2021:

Financial assets at year end:	
Cash and cash equivalents	\$ 527,952
Accounts receivable	<u>7,808</u>
 Total financial assets	 <u>535,760</u>
 Less amounts not available to be used within one year:	
Net assets with restrictions	<u>(255,824)</u>
 Total financial assets available	 \$ <u><u>279,936</u></u>

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Organization's cash needs are expected to be met on a monthly basis from regular revenue sources. In general, the Organization maintains sufficient financial assets on hand to meet normal operating expenditures and to reserve for future needs.

FORWARD STRIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE D – FIXED ASSETS

The Organization has the following fixed assets at June 30, 2021:

Leasehold improvements	\$	1,062,579
Horses		60,998
Riding tack and equipment		60,479
Furniture and office equipment		<u>25,615</u>
		1,209,671
Accumulated depreciation		<u>(219,103)</u>
	\$	<u>990,568</u>

Depreciation expense during the year ended June 30, 2021 was \$80,575.

NOTE E – OPERATING LEASE

The Organization leases a facility for operations from a member of the board of directors. The operating lease requires monthly payments of \$6,500 and expires on December 31, 2023 with the option to renew the lease for nine additional five year terms. This lease has an option to purchase the property at any time after December 31, 2023 and the owner shall not sell the property to any other property without the Organization consenting to the sale. The option to purchase agreement expires January 1, 2028. Total rent paid under the terms of this operation lease was \$78,000 during the year ended June 30, 2021. Future payments under the terms of this lease are as follows:

June 30, 2022	\$	78,000
June 30, 2023		78,000
June 30, 2024		<u>39,000</u>
	\$	<u>195,000</u>

NOTE F – GOVERNMENT PAYCHECK PROTECTION PROGRAM LOANS

On May 1, 2020, the Organization received loan proceeds in the amount of \$113,014 pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. On January 25, 2021, the Organization received a second PPP loan in the amount of \$105,675.

The proceeds of the PPP Loans have been used for payroll costs and other permitted purposes under the CARES Act, including rent or utility costs. Under the terms of the CARES Act, each borrower can apply for forgiveness for all or a portion of the PPP Loan and, as described below, the Organization did apply for forgiveness during the year ended June 30, 2021. Such forgiveness was determined, subject to limitations, based on the use of loan proceeds in accordance with the terms of the CARES Act during the 24-week period after the loan origination and the maintenance or achievement of certain employee levels.

FORWARD STRIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE F – GOVERNMENT PAYCHECK PROTECTION PROGRAM LOANS (CONTINUED)

During the year ended June 30, 2021 the Organization was notified by Columbia Bank that the first PPP loan was forgiven in the amount of \$111,359, which was recorded as revenue. Subsequent to year end the Organization was notified that the second PPP loan was forgiven in the amount of \$105,675.

NOTE G – NOTE PAYABLE

The Organization had a note payable to a bank requiring monthly payments of principal plus interest at 5.25% with maturity on February 1, 2022. The full balance owed was repaid during the year ended June 30, 2021.

NOTE H – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2021 the Organization paid \$2,000 for tack rental to an organization owned by the Organization’s Executive Director.

The Organization signed an agreement to lease their operating facility from a member of the board of directors, total rent paid to the board member under this lease was \$78,000 during the year ended June 30, 2021.

NOTE I – NET ASSETS

Net assets with restrictions consist of the following at June 30, 2021:

Future program expenses	\$ 17,824
Reserves restricted for time	<u>138,000</u>
	\$ <u><u>155,824</u></u>

NOTE J – SUBSEQUENT EVENTS

The Organization has evaluated for subsequent events through March 17, 2022, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2021.

The Organization was notified by Columbia Bank on August 18, 2021, that the PPP loan of \$105,675 had been forgiven.