

FORWARD STRIDE

Financial Statements

For the Year Ended June 30, 2022

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DOUGALL CONRADIE LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Board of Directors
Forward Stride
Beaverton, Oregon

Opinion

We have audited the accompanying financial statements of Forward Stride (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Forward Stride and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Forward Stride's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Forward Stride's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Forward Stride's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Forward Stride's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dougall Conradi LLC

Portland, Oregon
June 19, 2023

FORWARD STRIDE

STATEMENT OF FINANCIAL POSITION

June 30, 2022

(With Comparative totals for June 30, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 491,688	\$ 530,549
Accounts receivable	4,222	7,808
Prepaid expenses and deposits	<u>1,967</u>	<u>2,432</u>
Total current assets	<u>497,877</u>	<u>540,789</u>
Fixed assets, net	<u>945,959</u>	<u>990,568</u>
Total assets	<u><u>\$ 1,443,836</u></u>	<u><u>\$ 1,531,357</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 12,857	\$ 9,874
Accrued payroll	31,817	27,652
Accrued vacation	18,013	23,064
Paycheck Protection Program loan	-	105,675
Deferred revenues	<u>25,403</u>	<u>76,344</u>
Total liabilities	<u>88,090</u>	<u>242,609</u>
Net Assets		
Without restrictions	1,189,693	1,032,924
With restrictions	<u>166,053</u>	<u>255,824</u>
Total net assets	<u>1,355,746</u>	<u>1,288,748</u>
Total liabilities and net assets	<u><u>\$ 1,443,836</u></u>	<u><u>\$ 1,531,357</u></u>

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, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	2022		Total	Total 2021
	Without Restrictions	With Restrictions		
Revenues:				
Contributions of financial assets	\$ 600,301	\$ 48,742	\$ 649,043	\$ 850,623
Contributions of nonfinancial assets	207,503	-	207,503	108,095
Program revenues	506,131	-	506,131	447,716
Forgiveness of Paycheck Protection Program loan	105,675	-	105,675	111,359
Other revenues	23,063	-	23,063	14,303
Loss on sale of fixed assets	(19,802)	-	(19,802)	-
	1,422,871	48,742	1,471,613	1,532,096
Total				
Net assets released from restrictions	38,513	(38,513)	-	-
	1,461,384	10,229	1,471,613	1,532,096
Total revenues				
Expenses:				
Program services	1,074,308	-	1,074,308	921,728
Management and general	207,109	-	207,109	202,983
Fundraising	123,198	-	123,198	62,346
	1,404,615	-	1,404,615	1,187,057
Total expenses				
Change in net assets	56,769	10,229	66,998	345,039
Net assets, beginning of year	1,132,924	155,824	1,288,748	943,709
Net assets, end of year	\$1,189,693	\$ 166,053	\$1,355,746	\$1,288,748

The accompanying notes are an integral part of these financial statements

FORWARD STRIDE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022
 (With Comparative Totals for the Year Ended June 30, 2021)

	2022				Total 2021
	Program Services	Management and General	Fundraising	Total	
Salaries and wages	\$ 351,311	\$ 154,764	\$ 47,750	\$ 553,825	\$ 513,457
Payroll taxes	39,249	14,276	5,284	58,809	52,661
Employee benefits	4,782	274	24	5,080	4,177
Horse care and supplies	376,690	-	-	376,690	278,646
Professional services	7,611	-	-	7,611	8,420
Client assistance	15,958	-	-	15,958	10,920
Office expenses	25,090	155	3,694	28,939	28,070
Occupancy	91,832	-	-	91,832	88,160
Insurance	39,651	-	-	39,651	42,274
Repairs and maintenance	27,796	-	-	27,796	43,625
Bank fees	13,384	-	16	13,400	14,628
Travel and conferences	7,038	79	-	7,117	1,865
Fundraising events	903	-	56,506	57,409	19,152
Interest expense	-	-	-	-	427
Depreciation expense	73,013	32,165	9,924	115,102	80,575
Bad debt expense	-	5,396	-	5,396	-
	<u>\$ 1,074,308</u>	<u>\$ 207,109</u>	<u>\$ 123,198</u>	<u>\$ 1,404,615</u>	<u>\$ 1,187,057</u>

The accompanying notes are an integral part of these financial statements

Forward Stride

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from contributions	\$ 649,043	\$ 850,623
Cash received from program revenues	458,776	499,897
Cash received from other revenues	23,063	14,303
Cash paid to employees and suppliers	<u>(1,084,195)</u>	<u>(1,100,916)</u>
Net cash provided by operating activities	<u>46,687</u>	<u>263,907</u>
Cash flows from investing activities:		
Cash paid for purchase of fixed assets	<u>(82,951)</u>	<u>(419,234)</u>
Net cash used in investing activities	<u>(82,951)</u>	<u>(419,234)</u>
Cash flows from financing activities:		
Proceeds from notes payable	-	105,675
Payments on notes payable	<u>-</u>	<u>(15,930)</u>
Net cash provided by financing activities	<u>-</u>	<u>89,745</u>
Net change in cash and cash equivalents	<u>(36,264)</u>	<u>(65,582)</u>
Cash and cash equivalents, beginning of year	<u>527,952</u>	<u>593,534</u>
Cash and cash equivalents, end of year	<u>\$ 491,688</u>	<u>\$ 527,952</u>
Summary of non-cash investing activities:		
Donated services capitalized as fixed assets	<u>\$ 7,344</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

FORWARD STRIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. At times during the year cash balances may exceed FDIC insurance limits. At June 30, 2022 there was \$256,371 of cash balances that were not covered by FDIC insurance limits. The Organization cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

FORWARD STRIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

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

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.

Receivables

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, 2022.

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

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, 2022 no joint costs were allocated to programs or other activities.

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.

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.

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	Time and effort
Professional services	Time and effort
Office expenses	Time and effort

FORWARD STRIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Year Summarized Information for 2021

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, 2021, from which the summarized information was derived.

NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at June 30, 2022:

Financial assets at year end:	
Cash and cash equivalents	\$ 491,688
Accounts receivable	<u>4,222</u>
Total financial assets	<u>495,910</u>
Less amounts not available to be used within one year:	
Net assets with restrictions	<u>(166,053)</u>
Total financial assets available	<u>\$ 329,857</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.

NOTE D – FIXED ASSETS

The Organization has the following fixed assets at June 30, 2022:

Leasehold improvements	\$ 1,134,520
Horses	14,999
Riding tack and equipment	69,864
Furniture and office equipment	<u>26,615</u>
	1,245,998
Accumulated depreciation	<u>(307,383)</u>
	<u>\$ 938,615</u>

Depreciation expense during the year ended June 30, 2022 was \$115,102.

FORWARD STRIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, 2022. Future payments under the terms of this lease are as follows:

June 30, 2023	\$	78,000
June 30, 2024		<u>39,000</u>
	\$	<u>117,000</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.

The first PPP loan was forgiven during the year ended June 30, 2021 and \$111,359 was recognized as revenue that year for the principal and accrued interest. During the year ended June 30, 2022 the Organization was notified by Columbia Bank that the second PPP loan was forgiven in the amount of \$105,675.

NOTE G – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2022 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, 2022.

FORWARD STRIDE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

NOTE H – CONTRIBUTIONS OF NON-FINANCIAL ASSETS

During the year ended December 31, 2022 the Organization recognized contributions of nonfinancial assets as follows:

Horse care services	\$ 143,329
Construction services	7,344
Horse tack and supplies	39,982
Fundraising items for auction	<u>16,848</u>
	\$ <u>207,503</u>

Contributed professional services included volunteers with veterinary or horse care skills to provide services to the horses and are included in horse care and supplies expense on the accompanying financial statements. Construction services included time donated by a professional construction firm and the time was capitalized as leasehold improvements. Contributed services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

Contributions of horse tack and supplies are valued and reported at fair value as estimated by the donor. These are included in horse care and supplies expense on the accompanying financial statements. Contributions of items for our fundraising auction are valued at an estimate of what the item may sell for as determined by the donor. These items are included in fundraising events expense on the accompanying financial statements.

NOTE I – NET ASSETS

Net assets with restrictions consist of the following at June 30, 2022:

Future program expenses	\$ 27,903
Reserves restricted for time	<u>138,150</u>
	\$ <u>166,053</u>

NOTE J – SUBSEQUENT EVENTS

The Organization has evaluated for subsequent events through June 19, 2023, which is the date the financial statements were available to be issued, noting no events requiring recording or disclosure in the financial statements for the year ended June 30, 2022.