

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.

Financial Statements

December 31, 2017

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To the Board of Directors
Riverwood Therapeutic Riding Center, Inc.
Tobaccoville, North Carolina

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Riverwood Therapeutic Riding Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 U.S. generally accepted accounting principles; 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 audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Riverwood Therapeutic Riding Center, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Butler & Burke LLP

Winston-Salem, North Carolina
October 24, 2018

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2017

ASSETS

Cash and cash equivalents	\$	310,718
Grants receivable		6,000
Accounts receivable		13,676
Prepaid expenses		2,949
Property and equipment, net		464,168
Beneficial interest in assets held by others		<u>122,971</u>
<u>TOTAL ASSETS</u>	\$	<u>920,482</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$	29,562
Deferred revenue		<u>9,448</u>
<u>Total Liabilities</u>		<u>39,010</u>

Net Assets

Unrestricted

Cash reserve	100,000
Building reserve	25,000
Property and equipment reserve	464,168
Extraordinary horse care reserve	15,000
Undesignated	<u>147,337</u>
	751,505

Temporarily restricted

Temporarily restricted	19,467
Permanently restricted	<u>110,500</u>
<u>Total Net Assets</u>	<u>881,472</u>

<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$	<u>920,482</u>
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RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue				
Contributions	\$ 142,510	\$ -	\$ 100	\$ 142,610
Grants	4,000	14,401	-	18,401
Program revenue	120,349	-	-	120,349
Fundraising	176,124	-	-	176,124
Interest income	405	14	-	419
Unrealized gains on beneficial interest	-	12,471	-	12,471
In-kind contributions	<u>28,615</u>	<u>-</u>	<u>-</u>	<u>28,615</u>
	472,003	26,886	100	498,989
Net assets released from restrictions	<u>33,128</u>	<u>(33,128)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>505,131</u>	<u>(6,242)</u>	<u>100</u>	<u>498,989</u>
Expenses				
Program	359,034	-	-	359,034
Management and general	50,752	-	-	50,752
Fundraising	<u>72,717</u>	<u>-</u>	<u>-</u>	<u>72,717</u>
Total Expenses	<u>482,503</u>	<u>-</u>	<u>-</u>	<u>482,503</u>
Change in Net Assets	22,628	(6,242)	100	16,486
Net Assets at Beginning of Year	<u>728,877</u>	<u>25,709</u>	<u>110,400</u>	<u>864,986</u>
Net Assets at End of Year	<u>\$ 751,505</u>	<u>\$ 19,467</u>	<u>\$ 110,500</u>	<u>\$ 881,472</u>

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For Year Ended December 31, 2017

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 238,327	\$ 33,444	\$ 54,528	\$ 326,299
Professional fees	928	130	212	1,270
Program expenses	41,099	-	-	41,099
Scholarship expenses	6,546	-	-	6,546
Utilities	3,940	80	-	4,020
Postage and shipping	-	2,014	-	2,014
In-kind lease expense	7,500	5,000	-	12,500
Insurance	7,301	384	-	7,685
Repairs & maintenance	13,663	279	-	13,942
Printing	-	6,730	825	7,555
Administrative expenses	6,921	971	1,584	9,476
Continuing education	4,871	-	-	4,871
Endowment expense	-	1,189	-	1,189
Fundraising expenses	-	-	15,568	15,568
Miscellaneous	1,938	-	-	1,938
	<u>333,034</u>	<u>50,221</u>	<u>72,717</u>	<u>455,972</u>
Depreciation	<u>26,000</u>	<u>531</u>	<u>-</u>	<u>26,531</u>
	<u>\$ 359,034</u>	<u>\$ 50,752</u>	<u>\$ 72,717</u>	<u>\$ 482,503</u>

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

OPERATING ACTIVITIES	
Change in net assets	\$ 16,486
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	26,531
Unrealized gain on beneficial interest	(12,471)
(Increase) decrease in operating assets:	
Grants receivable	13,875
Accounts receivable	(3,107)
Prepaid expenses	438
Increase (decrease) in operating liabilities:	
Accounts payable	(4,651)
Deferred revenue	2,083
<u>Net Cash Provided by Operating Activities</u>	<u>39,184</u>
INVESTING ACTIVITIES	
Beneficial interest in assets held by others	
Additions	(100)
Distributions	4,660
Reinvested income, net of fees	1,175
<u>Net Cash Provided by Investing Activities</u>	<u>5,735</u>
Change in Cash and Cash Equivalents	44,919
Cash and Cash Equivalents at Beginning Year	<u>265,799</u>
Cash and Cash Equivalents at End of Year	<u>\$ 310,718</u>

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A: ORGANIZATION AND NATURE OF ACTIVITIES

Riverwood Therapeutic Riding Center, Inc. ("Riverwood") was incorporated under the laws of the State of North Carolina in 1997 for the purpose of providing quality professional equine assisted activities for children and adults with special needs. Clients served include those with development disabilities, disabilities resulting from trauma, acquired chronic conditions, social/emotional disabilities and diagnosed mental health disorders. All services that are provided include a thorough assessment of the individual and their needs, a physician's statement and appropriate releases and emergency medical documents. A treatment plan and individual short and long term goals are set for each client along with ongoing progress notes. Riverwood operates on a year-round schedule serving more than 200 clients each year including those that come through the local school systems.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Riverwood have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Riverwood presents its net assets and its support and revenue based upon the absence or existence of donor-imposed restrictions as follows:

Unrestricted net assets – net assets that are not restricted by donors or for which donor-imposed restrictions have expired. If the board specifies a purpose where none has been stated, such funds are classified as board designated unrestricted net assets.

Temporarily restricted net assets – net assets that contain donor-imposed time or purpose restrictions that have not currently been met.

Permanently restricted net assets – net assets that contain donor-imposed restrictions stipulating that amounts be maintained in perpetuity. Riverwood may expend part or all of the income earned according to donor stipulations.

Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions on net assets (i.e., the stipulated time period has elapsed or purpose was satisfied) are reported as net assets released from restrictions.

Contributions

Contributions, which include unconditional promises to give, are recognized as revenues in the period the commitment is made and are recorded at fair value, which is computed as the estimated present values of expected future cash flows. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions upon which they depend are substantially met. Riverwood determines an allowance for uncollectible accounts based upon management's judgment about such factors as prior collections history, type of contribution, and nature of fundraising activity. No allowance was deemed necessary at December 31, 2017.

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

Riverwood records various types of in-kind support, including services and other tangible assets. GAAP requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

Cash and Cash Equivalents

Riverwood considers all highly-liquid temporary cash instruments purchased with an initial maturity of three months or less to be cash equivalents. Riverwood maintains its cash and cash equivalents in a bank account, the balance of which may at times exceed federally insured limits. Riverwood's cash and cash equivalents are placed with high-credit quality financial institutions and Riverwood has not experienced any losses in such accounts.

Accounts Receivable

Riverwood records accounts receivable as the total unpaid balance, which approximates estimated fair value as of December 31, 2017. Riverwood determines past-due status of individual accounts receivable based on the contractual terms of the original service. Riverwood estimates its allowance for doubtful accounts based on a combination of factors, including Riverwood's historical loss experience and any anticipated effects related to current economic conditions, as well as management's knowledge of the current composition of accounts receivable. No allowance was considered necessary for the year ended December 31, 2017. Accounts receivable that management believes to be ultimately not collectible are written off upon such determination.

Property and Equipment

Property and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, generally from three to forty years.

Beneficial Interest in Assets Held by Others (Endowment Fund)

In August 2006, Riverwood established a trust agreement, the Peter R. Kellogg Fund of Riverwood Therapeutic Riding Center, with the Winston-Salem Foundation (the "Foundation"), the purpose of which is to provide a permanent endowment to support the payment of benefits to employees of Riverwood. Monies have been irrevocably transferred to the Foundation, which will invest the funds and make quarterly earnings distributions to Riverwood in an amount determined by the Foundation. Riverwood has granted the Foundation variance power, the unilateral power to redirect the use of the assets, but has retained a right to the asset by specifying itself as the beneficiary.

In accordance with GAAP, the endowment has been recognized as a beneficial interest in assets held by others in the accompanying statement of financial position at the current market value of the underlying investments held by the Foundation, which amounted to \$122,971 for the year ended December 31, 2017.

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Assets Held by Others (Endowment Fund) (Continued)

Riverwood has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Riverwood classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are added to the funds. The remaining portion of the donor-restricted endowment funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Riverwood in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Riverwood considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the funds, (2) the purpose of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, and (6) other resources of Riverwood.

Funds with Deficiencies. From time to time, the fair value of the assets associated with the donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Riverwood to retain as funds of perpetual duration. In accordance with GAAP, deficiencies of this nature are first offset by any accumulated temporarily restricted net assets from the funds, with any remaining deficiency offsetting unrestricted net assets. Any reduction to unrestricted net assets would be restored with future earnings before any earnings were accumulated in temporarily restricted net assets. There were no endowment fund deficiencies as of December 31, 2017.

Investment Return Objectives, Risk Parameters and Strategies. Based on the nature of the endowment, the investment of the fund is determined by the Foundation rather than Riverwood. Endowment assets are invested in a well diversified asset mix that is intended to result in a consistent rate of return that has sufficient liquidity to provide Riverwood income while growing the fund if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed by the Foundation.

Spending Policy. The Foundation makes quarterly distributions to Riverwood. Distribution amounts are determined by Foundation policy. Amounts distributed by the fund can be used by Riverwood as described above, however, consistent with UPMIFA and GAAP, Riverwood reflects all investment income and changes in value of the donor-restricted endowment fund as temporarily restricted net assets until appropriated for expenditure by the Board of Directors (unless there is a fund deficiency as discussed above).

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Financial assets required to be measured on a recurring basis (at least annually) are classified under a three-tier hierarchy. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurement date.

The classification of assets within the hierarchy is based on whether inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data. See Note E for assets of Riverwood measured at fair value on a recurring basis.

Expense Allocation

The costs of providing program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited.

Directly identifiable expenses are charged to the appropriate programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of estimates made by management. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of Riverwood.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

Riverwood is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purpose.

Riverwood's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. It is the opinion of management that Riverwood has no uncertain tax positions that would be subject to change upon examination.

Riverwood is required to file a federal exempt organization tax return (Form 990) annually to retain its exempt status. Riverwood is also required to file an exempt organization business income tax return (Form 990-T) for any year unrelated business income exceeds \$1,000. Riverwood's Form 990 filings are generally subject to examination by the Internal Revenue Service for three years after they are filed.

Subsequent Events

Riverwood has evaluated its subsequent events (events occurring after December 31, 2017) through the date of this report, which represents the date the financial statements were available to be issued and determined that all significant events and disclosures are included in the financial statements.

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which significantly amends the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations.

The following are the most significant changes to the standards:

- Only two classes of net assets are reported in the statement of financial position—net assets with donor restrictions and net assets without donor restrictions.
- All nonprofit organizations, not just voluntary health and welfare organizations, are required to present an analysis of expenses by both nature and function in one location.
- Nonprofit organizations are required to describe the methods used to allocate costs among the program and support functions.
- Nonprofit organizations are still permitted to report cash flows from operating activities using either the direct or the indirect methods. However, a reconciliation to the indirect method is no longer required when the direct method is used.
- Investment return is reported net of external and direct internal investment expenses on the statement of activities in the net asset category in which the net investment return is reported.
- The release of restrictions on donor-restricted gifts of cash or assets to be used to acquire or construct capital assets is recognized when the assets are placed in service, unless the donor places a time restriction on the use of the asset.
- Nonprofit organizations are required to provide more information about liquidity of its financial assets and how the availability of the financial assets is limited by donor-imposed restrictions, legal restrictions, and governing board designations.
- Disclosures about designations of net assets made by the governing board are required.
- ASU 2016-14 defines the term *underwater endowment* and changes the net asset classification of the deficit when the fair value of the assets of an endowment is less than the original gift (or other amount that the organization must maintain in perpetuity).

The amendments in ASU 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2017:

Buildings	\$ 646,511
Vehicles and farm equipment	74,517
Furniture and computers	<u>3,180</u>
	724,208
Less accumulated depreciation	<u>(260,040)</u>
	<u>\$ 464,168</u>

Depreciation expense totaled \$26,531 for the year ended December 31, 2017.

NOTE D: BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Beneficial interest net assets composition by type as of December 31, 2017 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment fund	<u>\$ -</u>	<u>\$ 12,471</u>	<u>\$ 110,500</u>	<u>\$ 122,971</u>

Changes in beneficial interest net assets during the year ended December 31, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beneficial interest net assets, beginning of year	\$ -	\$ 5,835	\$ 110,400	\$ 116,235
Contributions	-	-	100	100
Investment income, net of fees	-	(1,175)	-	(1,175)
Unrealized gains	-	12,471	-	12,471
Amounts appropriated for expenditure	-	(4,660)	-	(4,660)
Beneficial interest net assets, end of year	<u>\$ -</u>	<u>\$ 12,471</u>	<u>\$ 110,500</u>	<u>\$ 122,971</u>

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE E: FAIR VALUE MEASUREMENTS

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Riverwood 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;
- 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's 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used by Riverwood for assets measured at fair value:

- *Beneficial Interest In Assets Held By Others:* Equities and fixed income funds within the Winston-Salem Foundation (the Foundation) endowment pool are valued at the closing price reported on the active markets on which the individual securities are traded. Although the measurement is based on the unadjusted fair value of trust assets reported by the Foundation, Riverwood has irrevocably assigned the monies to the Foundation and is only able to redeem accumulated income that the Foundation has transferred to the grantable funds account within the endowment. Therefore, Riverwood considers the measurement of its beneficial interest in assets held by others to be a Level 3 measurement within the fair value hierarchy.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Riverwood believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E: FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, Riverwood’s assets measured at fair value on a recurring basis as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held by others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,971</u>	<u>\$ 122,971</u>

The table below sets forth a summary of changes in the fair value of Riverwood’s level 3 assets for the year ended December 31, 2017:

Balance, beginning of year	\$ 116,235
Contributions	100
Investment income, net of fees	(1,175)
Unrealized gains	12,471
Distributions	<u>(4,660)</u>
Balance, end of year	<u>\$ 122,971</u>

NOTE F: DONATED GOODS, SERVICES, AND SPACE

Riverwood recognizes in-kind contribution revenue for certain services received at their fair value. Riverwood received in-kind vet services from a member of Riverwood’s Board of Directors valued at \$9,206 for the year ended December 31, 2017. In addition, Riverwood entered into a fifty-year below market lease agreement for pasture space on March 19, 2001 with a member of Riverwood’s Board of Directors. The fair market value of the pasture space provided is \$7,500 for the year ended December 31, 2017. Other in-kind contributions valued at \$11,909 for the year ended December 31, 2017 include printing, copying, and food for a fundraising event. A substantial number of other volunteers have donated significant amounts of their time to Riverwood and its advocacy program; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services under GAAP.

NOTE G: RELATED PARTY TRANSACTIONS

Riverwood receives contributions for general support and fundraising events from members of the Board of Directors. Contributions from current Board members were \$47,492 for the year ended December 31, 2017, including in-kind contributions of \$16,706. There were no contributions receivable from Board members at December 31, 2017.

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE H: RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2017:

Purpose Restricted:	
Unappropriated endowment earnings	\$ 12,471
Winston-Salem Foundation grant	<u>996</u>
	13,467
Time Restricted:	
Reynolds American Foundation grant	<u>6,000</u>
	<u>\$ 19,467</u>

Permanently restricted net assets consist of an endowment fund held by the Winston-Salem Foundation.

NOTE I: EMPLOYEE BENEFIT PLAN

Riverwood maintains an employee benefit plan established under Section 403(b) of the Internal Revenue Code. The Plan is available to substantially all employees of Riverwood who have met certain service and eligibility requirements. Employee contributions to the Plan are limited to a percentage of compensation, as defined by the Plan, and are matched by Riverwood subject to certain limitations. Riverwood contributed \$8,570 to the Plan on behalf of its employees for the year ended December 31, 2017.