



**GIANT STEPS**  
**THERAPEUTIC EQUESTRIAN CENTER, INC.**

**(A California Not-For-Profit Corporation)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016 AND DECEMBER 31, 2015**



**GIANT STEPS THERAPEUTIC EQUESTRIAN CENTER, INC.**  
**(A California Not-For-Profit Corporation)**

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## **Independent Auditors' Report**

Board of Directors  
Giant Steps Therapeutic Equestrian Center, Inc.

We have audited the accompanying consolidated financial statements of Giant Steps Therapeutic Equestrian Center, Inc. (a California non-profit corporation), which comprise the consolidated statement of financial position as of December 31, 2016 and December 31, 2015 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 misstatements, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 consolidated financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated 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 in the consolidated 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 principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of these consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Giant Steps Therapeutic Equestrian Center, Inc. as of December 31, 2016 and December 31, 2015 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.

A handwritten signature in cursive script that reads "Rina Accountancy Corporation".

Certified Public Accountants

San Francisco, California  
June 2, 2017

**GIANT STEPS THERAPEUTIC EQUESTRIAN CENTER, INC.**  
**(A California Not-For-Profit Corporation)**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<u>ASSETS</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<b>CURRENT:</b>		
Cash and cash equivalents	\$ 974,184	\$ 875,008
Investments	557,107	-
Accounts receivable	9,482	24,392
Pledges receivable, net	25,500	434,001
<b>TOTAL CURRENT ASSETS</b>	<b>1,566,273</b>	<b>1,333,401</b>
<b>LONG TERM:</b>		
Property, equipment and improvements, net	846,748	833,214
<b>TOTAL ASSETS</b>	<b>\$ 2,413,021</b>	<b>\$ 2,166,615</b>
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT:</b>		
Accounts payable	\$ 8,013	\$ 7,183
Accrued liabilities	1,079	5,951
Accrued vacation	23,792	14,965
<b>TOTAL LIABILITIES (ALL CURRENT)</b>	<b>32,884</b>	<b>28,099</b>
<b>NET ASSETS:</b>		
Unrestricted net assets:		
Undesignated	1,639,829	1,210,012
Board designated	496,264	488,083
<b>Total unrestricted net assets</b>	<b>2,136,093</b>	<b>1,698,095</b>
Temporarily restricted net assets	244,044	440,421
Permanently restricted net assets	-	-
<b>TOTAL NET ASSETS</b>	<b>2,380,137</b>	<b>2,138,516</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,413,021</b>	<b>\$ 2,166,615</b>

See notes to consolidated financial statements.

**GIANT STEPS THERAPEUTIC EQUESTRIAN CENTER, INC.**  
**(A California Not-For-Profit Corporation)**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Contributions	\$ 317,128	\$ 387,322	\$ 704,450
Special events income, net	121,118	-	121,118
Program fees, net of scholarship	121,969	-	121,969
In-kind services and goods	29,669	-	29,669
Investment income	39,058	-	39,058
Loss on disposal of assets	(5,483)	-	(5,483)
Net assets released from restrictions	583,699	(583,699)	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>1,207,158</b>	<b>(196,377)</b>	<b>1,010,781</b>
<b>EXPENSES:</b>			
Program services	525,381	-	525,381
Management and general	102,935	-	102,935
Fundraising	140,844	-	140,844
<b>TOTAL EXPENSES</b>	<b>769,160</b>	<b>-</b>	<b>769,160</b>
<b>CHANGE IN NET ASSETS</b>	437,998	(196,377)	241,621
<b>NET ASSETS, beginning of year</b>	1,698,095	440,421	2,138,516
<b>NET ASSETS, end of year</b>	<b>\$ 2,136,093</b>	<b>\$ 244,044</b>	<b>\$ 2,380,137</b>

See notes to consolidated financial statements.

**GIANT STEPS THERAPEUTIC EQUESTRIAN CENTER, INC.**  
**(A California Not-For-Profit Corporation)**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Contributions	\$ 513,130	\$ 568,836	\$ 1,081,966
Special events income, net	188,498	-	188,498
Program fees	100,190	-	100,190
In-kind services and goods	107,597	-	107,597
Net assets released from restrictions	128,415	(128,415)	-
	<u>1,037,830</u>	<u>440,421</u>	<u>1,478,251</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>			
<b>EXPENSES:</b>			
Program services	554,890	-	554,890
Management and general	68,049	-	68,049
Fundraising	188,540	-	188,540
	<u>811,479</u>	<u>-</u>	<u>811,479</u>
<b>TOTAL EXPENSES</b>			
CHANGE IN NET ASSETS	226,351	440,421	666,772
NET ASSETS, beginning of year	<u>1,471,744</u>	<u>-</u>	<u>1,471,744</u>
NET ASSETS, end of year	<u>\$ 1,698,095</u>	<u>\$ 440,421</u>	<u>\$ 2,138,516</u>

See notes to consolidated financial statements.

**GIANT STEPS THERAPEUTIC EQUESTRIAN CENTER, INC.**  
**(A California Not-For-Profit Corporation)**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2016**

	Program	Supporting Services			Total Expenses
		Management and General	Special Event	Other Fundraising	
Outside services	\$ 15,273	\$ 25,707	\$ 27,709	\$ 22,643	\$ 91,332
Payroll and payroll taxes	209,553	56,258	-	74,206	340,017
Facility and horse management	119,774	-	-	-	119,774
Supplies and equipment	3,801	3,754	7,930	9,604	25,089
Rental	9,659	11,520	906	16,452	38,537
Insurance	56,545	-	-	4,970	61,515
Printing and reproduction	828	-	-	2,394	3,222
Depreciation expense	35,265	-	-	-	35,265
Legal and professional	29,329	-	-	-	29,329
Advertising and promotion	1,820	973	6,616	2,810	12,219
Service fees	4,224	2,001	3,476	5,263	14,964
Repairs and maintenance	10,350	494	1,305	-	12,149
Training and conference	12,836	-	-	250	13,086
Communications	7,743	-	-	-	7,743
Postage and delivery	4	1,520	228	987	2,739
Meetings	100	-	-	346	446
Meals and entertainment	916	-	146	-	1,062
Travel	3,276	196	5,810	718	10,000
Utilities	2,163	352	-	-	2,515
Tax and license	472	160	295	151	1,078
Dues and subscriptions	1,450	-	-	50	1,500
Awards	-	-	8,571	-	8,571
Special event allocation	-	-	(62,992)	-	(62,992)
<b>TOTAL EXPENSES</b>	<b>\$ 525,381</b>	<b>\$ 102,935</b>	<b>\$ -</b>	<b>\$ 140,844</b>	<b>\$ 769,160</b>

See notes to consolidated financial statements.

**GIANT STEPS THERAPEUTIC EQUESTRIAN CENTER, INC.**  
**(A California Not-For-Profit Corporation)**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2015**

	Supporting Services				Total Expenses
	Program	Management and General	Fundraising		
			Special Event	Other Fundraising	
Outside services	\$ 83,367	\$ 15,493	\$ 364,025	\$ 49,363	\$ 512,248
Payroll and payroll taxes	213,224	25,204	-	93,816	332,244
Facility and horse management	123,170	-	-	-	123,170
Supplies and equipment	12,089	8,190	154,331	13,501	188,111
Rental	17,534	2,101	198,134	4,679	222,448
Insurance	40,338	1,999	12,617	8,959	63,913
Printing and reproduction	-	10	35,133	3,628	38,771
Depreciation expense	35,518	870	-	-	36,388
Legal and professional	3,510	12,305	5,525	-	21,340
Advertising and promotion	-	-	29,546	4,695	34,241
Service fees	1,295	25	28,653	6,826	36,799
Repairs and maintenance	12,679	150	53,054	-	65,883
Training and conference	10	-	-	-	10
Communications	6,387	-	-	-	6,387
Postage and delivery	164	763	4,982	1,085	6,994
Meetings	151	212	-	-	363
Meals and entertainment	408	222	392	504	1,526
Travel	-	-	48,213	1,617	49,830
Utilities	2,327	345	-	-	2,672
Interest	18	-	-	-	18
Tax and license	388	150	85	-	623
Dues and subscriptions	2,313	10	21,307	(133)	23,497
Awards	-	-	183,246	-	183,246
Special event allocation	-	-	(1,139,243)	-	(1,139,243)
<b>TOTAL EXPENSES</b>	<b>\$ 554,890</b>	<b>\$ 68,049</b>	<b>\$ -</b>	<b>\$ 188,540</b>	<b>\$ 811,479</b>

See notes to consolidated financial statements.



**GIANT STEPS THERAPEUTIC EQUESTRIAN CENTER, INC.**  
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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 241,621	\$ 666,772
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	35,265	36,388
Loss on disposal of assets	5,482	-
Unrealized and realized gain on investments	(35,141)	-
Changes in assets and liabilities:		
Accounts receivables	14,910	335
Pledges receivable	408,501	(428,001)
Other current assets	-	1,265
Accounts payable	830	(1,488)
Accrued liabilities	(4,872)	3,550
Accrued vacation	8,827	188
	<u>433,802</u>	<u>(387,763)</u>
Total adjustments		
	<u>675,423</u>	<u>279,009</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(856,068)	-
Sale of investments	334,102	-
Purchases of property, equipment and improvements	(54,281)	(84,254)
	<u>(576,247)</u>	<u>(84,254)</u>
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	99,176	194,755
CASH AND CASH EQUIVALENTS, beginning of year		
	<u>875,008</u>	<u>680,253</u>
CASH AND CASH EQUIVALENTS, end of year		
	<u>\$ 974,184</u>	<u>\$ 875,008</u>

See notes to consolidated financial statements.

**GIANT STEPS THERAPEUTIC EQUESTRIAN CENTER, INC.**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015**

**Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Nature of activities:

Giant Steps Therapeutic Equestrian Center, Inc. (the “Center”) was incorporated in 1997 under the laws of the State of California for the charitable purpose of bringing the proven benefits of therapeutic horseback riding to physically, developmentally, and/or cognitively disabled individuals. The Center has since added ground work programming for individuals living with emotional disabilities. The Center is open to people of all ages with disabilities who reside in the Bay Area Counties. It is a Premier Accredited Center Member of the Professional Association of Therapeutic Horsemanship (PATH) which provides safety standards to its members. The Center’s instructors are certified by PATH. The Center’s support comes primarily from special events, individual donors’ contributions and private grants. The Center receives no government funding.

Giant Steps Charity Classic, Inc. was incorporated on February 20, 2014 under the laws of the State of California for the charitable purpose of operating the Giant Steps Charity Classic horse show and gala. Contributions, revenues and expenses related to this event are now recorded on the books of Charity Classic, Inc. The net proceeds from the Giant Steps Charity Classic specifically and exclusively support Giant Steps Therapeutic Equestrian Center.

Principles of consolidation:

The consolidated financial statements include the accounts of the following affiliates that are doing business as Giant Steps Therapeutic Equestrian Center, Inc., after the elimination of all significant intercompany accounts and transactions:

- Giant Steps Therapeutic Equestrian Center, Inc.
- Giant Steps Charity Classic, Inc.

Financial statement presentation:

These consolidated financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Center as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets – permanently restricted, temporarily restricted or unrestricted as follows:

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. Currently, there are no permanently restricted assets.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulation that will be met by action of the Center and or the passage of time.

*Unrestricted Net Assets* – Net assets not subject to donor-imposed stipulations.

*Board designated* – Unrestricted net assets that the board has set aside for specific purposes. The board must provide approval to use these funds with a two-thirds majority vote. The board at its discretion can change the stipulations under which these funds can be utilized.

Cash equivalents:

Cash equivalents are considered to be short-term, highly liquid investments with original maturities of three months or less.

**GIANT STEPS THERAPEUTIC EQUESTRIAN CENTER, INC.**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015**

**Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued):**

Investments:

The Center reports investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

The Center invests in various investments. Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Professional accounting standards established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under professional accounting standards are described as follows:

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Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

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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.

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Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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.

***Equity securities, debt securities, and U.S. government securities:*** Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other 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.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015**

**Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued):**

Accounts receivable:

Accounts receivable represent amounts billed but not yet collected. The Center provides an allowance for doubtful accounts based on management's evaluation of a current aging of the accounts. Management has determined that no allowance is necessary for the years ended December 31, 2016 and December 31, 2015. It is the Center's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. All receivables are current and are expected to be received within one year.

Property and equipment:

Property and equipment in excess of \$500 for technology and \$1,000 for all other assets are recorded at cost at the date of purchase or as support at their estimated fair value at the date of donation in the case of gifts. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over asset lives of three to ten years.

Revenue recognition:

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Revenues from equine assisted therapy classes are recognized as revenue when the classes are held.

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at their fair value as unrestricted support, temporarily restricted support or permanently restricted support, depending on the absence or existence of donor-imposed restrictions, as applicable. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift.

Contributed services:

Donated services provided by instructors and the farrier were valued at \$15,645 and \$7,500 for the years ended December 31, 2016 and 2015, respectively. These services are recognized in the financial statements as in kind services and goods. A large number of individuals perform significant amounts of voluntary services to benefit the Center's program services and in its fundraising campaigns. During 2016 and 2015, approximately 8,394 and 11,414 volunteer hours were donated to the Center. However, since the value of these services do not meet the criteria to be recorded as in-kind, the donated services are not reflected in the financial statements.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015**

**Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Income taxes:

The Center has received tax-exempt status under Section 509(a) of the Internal Revenue Service Code as an organization described in Section 501(c)(3), and under Section 23701(d) of the California Revenue and Taxation Code. The Center is not a private foundation.

Subsequent events:

Management has evaluated subsequent events through June 2, 2017, the date which the financial statements were available for issue.

**Note 2. NATURE OF ESTIMATES:**

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

**Note 3. CONCENTRATIONS OF CREDIT RISK:**

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of accounts receivable, investments and cash and cash equivalents. The Center places its cash and certificates of deposit with high credit quality financial institutions. At times, the account balances may exceed the institution's federally insured limits. The Center has not experienced any losses in such accounts.

The Center is vulnerable to the inherent risk associated with revenue that is substantially dependent on public support and contributions. The continued growth and well-being of the Center is contingent upon successful achievement of its long-term revenue-raising goals. Management is taking steps to address potential changes in funding levels and reduce the Center's exposure to these fluctuations.

**Note 4. FAIR VALUE MEASUREMENTS:**

The following tables sets forth by level (the fair value hierarchy) the fair value of the Center's assets as of December 30, 2016:

	Quoted Prices In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Exchange traded funds	\$ 230,410	\$ -	\$ -	\$ 230,410
Mutual funds	<u>320,942</u>	<u>-</u>	<u>-</u>	<u>320,942</u>
	<u>\$ 551,352</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 551,352
Money market funds				<u>5,755</u>
Total investments				<u>\$ 557,107</u>

**GIANT STEPS THERAPEUTIC EQUESTRIAN CENTER, INC.**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015**

**Note 5. PROPERTY AND EQUIPMENT:**

Property and equipment is comprised of the following at December 31:

	December 31,	
	2016	2015
Horses	\$ 24,560	\$ 28,645
Equipment	74,111	72,911
Office machinery	47,934	50,732
Vehicles	46,500	46,500
Video production	6,992	6,992
Website	25,450	-
Software	28,342	28,342
Leasehold improvements	937,085	908,053
	1,190,974	1,142,175
Less: accumulated depreciation	344,226	308,961
Property and equipment, net	\$ 846,748	\$ 833,214

Depreciation expense was \$36,388 and \$23,388 for the years ended December 31, 2016 and December 31, 2015, respectively.

**Note 6. TEMPORARILY RESTRICTED NET ASSETS:**

Temporarily restricted net assets consisted of the following for the year ended at December 31, 2016.

	Beginning Balance	Contributions	Released from Restriction	Ending Balance
Equine and facility support	\$ -	\$ 27,934	\$ 27,934	\$ -
Veteran program	6,800	9,800	-	16,600
Scholarship	-	117,884	95,329	22,555
Capital project	3,621	-	3,621	-
Youth programming	180,000	188,000	170,680	197,320
Adult programming	-	33,550	33,550	-
Veterinary emergency fund	-	10,154	2,585	7,569
Time restricted	250,000	-	250,000	-
Total temporarily restricted net assets	\$ 440,421	\$ 387,322	\$ 583,699	\$ 244,044

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015**

**Note 6. TEMPORARILY RESTRICTED NET ASSETS (Continued):**

Temporarily restricted net assets consisted of the following for the year ended at December 31, 2015.

	Beginning Balance	Contributions	Released from Restriction	Ending Balance
Equine and facility support	\$ -	\$ 15,850	\$ 15,850	\$ -
Veteran program	-	30,189	23,389	6,800
Scholarship	-	63,697	63,697	-
Capital project	-	27,100	23,479	3,621
Youth programming	-	180,000	-	180,000
Veterinary emergency fund	-	2,000	2,000	-
Time restricted	-	250,000	-	250,000
Total temporarily restricted net assets	<u>\$ -</u>	<u>\$ 568,836</u>	<u>\$ 128,415</u>	<u>\$ 440,421</u>

**Note 7. SPECIAL EVENTS:**

During the year ended December 31, 2016 the Center held a Charity Classic Horse Show. During the year ended 31, 2015, the Center held a Charity Classic Horse Show and Charity Classic Gala. Total revenues and expenses related to these events are as follows:

	<u>2016</u>	<u>2015</u>
Total receipts	\$ 184,110	\$ 1,327,741
Total expenses	<u>62,992</u>	<u>1,139,243</u>
Special events, net	<u>\$ 121,118</u>	<u>\$ 188,498</u>

Expenses are included in fundraising expenses (special event) in the statement of functional expenses. These expenses represent 55% of total expenses. All other fundraising expenses represent 8% of total expenses.

**Note 8. COMMITMENTS:**

At December 31, 2016, the Center was liable under two operating leases. The office lease is month to month. The Center is required to pay \$925 per month. On an annual basis for the years 2015 - 2017, the lessor has made a donation to the Center of a 50% monthly rent reduction. The operating facilities are leased for \$2,500 per month, increasing to \$2,950 during the lease. The operating facility lease expires May 2019. The Center has two renewable options on the operating facilities.

**GIANT STEPS THERAPEUTIC EQUESTRIAN CENTER, INC.**  
**(A California Not-For-Profit Corporation)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2016 AND DECEMBER 31, 2015**

**Note 8. COMMITMENTS (Continued):**

The leases provides for the following future minimum annual payments:

<u>Years Ending December 31,</u>	<u>Amount</u>
2017	\$ 35,400
2018	35,400
2019	<u>14,750</u>
Total	<u><u>\$ 85,550</u></u>

Rent expense for the years ended December 31, 2016 and December 31, 2015 was \$55,179 and \$56,099, respectively.