
THERAPEUTIC RIDING, INC.

FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016

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For the years ended December 31, 2017 and 2016

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Therapeutic Riding, Inc.
Ann Arbor, Michigan

We have reviewed the accompanying financial statements of Therapeutic Riding, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Respectfully,

Bennett & Associates, CPAs PLLC

Ann Arbor, Michigan
October 29, 2018

THERAPEUTIC RIDING, INC.
STATEMENTS OF FINANCIAL POSITION
December 31,

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 288,280	\$ 196,849
Other assets	5,589	257
Operating investments	188,426	235,763
Restricted cash	80,165	76,989
Investments held for endowment purposes	71,729	70,263
Property and equipment, net of accumulated depreciation	2,137,942	2,212,931
TOTAL ASSETS	\$ 2,772,131	\$ 2,793,052
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 11,790	\$ 9,751
Accrued liabilities	17,750	23,465
Deferred revenue	2,160	2,268
TOTAL LIABILITIES	31,700	35,484
 NET ASSETS		
Unrestricted		
Property and equipment	2,137,942	2,212,931
Capital needs	163,350	163,350
Operations	106,900	106,900
Undesignated	176,630	117,843
Total unrestricted net assets	2,584,822	2,601,024
Temporarily restricted	98,609	99,544
Permanently restricted	57,000	57,000
TOTAL NET ASSETS	2,740,431	2,757,568
TOTAL LIABILITIES AND NET ASSETS	\$ 2,772,131	\$ 2,793,052

THERAPEUTIC RIDING, INC.
STATEMENTS OF ACTIVITIES
For the years ended December 31,

	2017	2016
UNRESTRICTED NET ASSETS		
SUPPORT, REVENUE, AND GAINS		
SUPPORT		
Contributions	\$ 265,013	\$ 203,870
Special events, net of expenses of \$29,889 and \$28,968 in 2017 and 2016, respectively	110,265	54,228
In-kind donations and services	5,397	7,107
Net assets released from restrictions	12,477	42,725
TOTAL UNRESTRICTED SUPPORT	393,152	307,930
REVENUE AND GAINS		
Class fees	58,410	66,340
Less: Financial aid	(6,900)	(4,660)
Net class fees	51,510	61,680
Sale of tack and merchandise, net of cost of goods sold of \$5 and \$697 in 2017 and 2016, respectively	713	892
Investment return	4,546	1,701
Miscellaneous revenue	518	5,212
TOTAL UNRESTRICTED REVENUE AND GAINS	57,287	69,485
TOTAL UNRESTRICTED SUPPORT, REVENUE, AND GAINS	450,439	377,415
EXPENSES AND LOSSES		
EXPENSES		
Program Services	331,392	318,845
Supporting Services		
Management and general	70,935	72,141
Fundraising	63,993	62,572
TOTAL EXPENSES	466,320	453,558
Loss on disposal of property and equipment	321	-
TOTAL EXPENSES AND LOSSES	466,641	453,558
CHANGE IN UNRESTRICTED NET ASSETS	(16,202)	(76,143)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	10,000	700
Investment return	1,542	2,397
Net assets released from restrictions	(12,477)	(42,725)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(935)	(39,628)
CHANGE IN NET ASSETS	(17,137)	(115,771)
NET ASSETS AT BEGINNING OF YEAR	2,757,568	2,873,339
NET ASSETS AT END OF YEAR	\$ 2,740,431	\$ 2,757,568

THERAPEUTIC RIDING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2017, with comparable totals for 2016

	Program Services	Supporting Services		Total 2017	Total 2016
		Management and General	Fund- Raising		
Employee Compensation					
Salaries and wages	\$ 138,940	\$ 37,826	\$ 51,294	\$ 228,060	\$ 225,535
Payroll taxes	11,562	3,148	4,269	18,979	24,410
	<u>150,502</u>	<u>40,974</u>	<u>55,563</u>	<u>247,039</u>	<u>249,945</u>
Other Expenses					
Accounting fees	-	17,166	-	17,166	7,344
Other fees for services	10,470	-	-	10,470	9,358
Advertising and promotion	1,896	-	-	1,896	2,747
Office expenses	12,245	3,436	140	15,821	8,651
Information technology	1,064	-	-	1,064	-
Occupancy	14,244	1,022	-	15,266	15,785
Insurance	16,821	2,193	1,626	20,640	18,531
Special events	-	-	29,889	29,889	28,968
Supplies and care for horses	33,384	-	-	33,384	33,811
Repairs and maintenance	8,185	-	-	8,185	7,741
Other fundraising costs	-	-	6,664	6,664	13,852
All other	4,924	2,057	-	6,981	6,042
Total expenses before depreciation	<u>253,735</u>	<u>66,848</u>	<u>93,882</u>	<u>414,465</u>	<u>402,775</u>
Depreciation	<u>77,657</u>	<u>4,087</u>	<u>-</u>	<u>81,744</u>	<u>79,751</u>
Total expenses	<u>331,392</u>	<u>70,935</u>	<u>93,882</u>	<u>496,209</u>	<u>482,526</u>
Less expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>(29,889)</u>	<u>(29,889)</u>	<u>(28,968)</u>
Total expenses shown on the statement of activities	<u>\$ 331,392</u>	<u>\$ 70,935</u>	<u>\$ 63,993</u>	<u>\$ 466,320</u>	<u>\$ 453,558</u>

THERAPEUTIC RIDING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2016

	Program Services	Supporting Services		Total 2016
		Management and General	Fund- Raising	
Employee Compensation				
Salaries and wages	\$ 134,318	\$ 48,488	\$ 42,729	\$ 225,535
Payroll taxes	14,537	5,248	4,625	24,410
	<u>148,855</u>	<u>53,736</u>	<u>47,354</u>	<u>249,945</u>
Other Expenses				
Accounting fees	-	7,344	-	7,344
Other fees for services	9,358	-	-	9,358
Advertising and promotion	2,747	-	-	2,747
Office expenses	6,273	2,211	167	8,651
Information technology	-	-	-	-
Occupancy	14,996	789	-	15,785
Insurance	15,623	1,709	1,199	18,531
Special events	-	-	28,968	28,968
Supplies and care for horses	33,811	-	-	33,811
Repairs and maintenance	7,741	-	-	7,741
Other fundraising costs	-	-	13,852	13,852
All other	3,678	2,364	-	6,042
Total expenses before depreciation	<u>243,082</u>	<u>68,153</u>	<u>91,540</u>	<u>402,775</u>
Depreciation	<u>75,763</u>	<u>3,988</u>	<u>-</u>	<u>79,751</u>
Total expenses	<u>318,845</u>	<u>72,141</u>	<u>91,540</u>	<u>482,526</u>
Less expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>(28,968)</u>	<u>(28,968)</u>
Total expenses shown on the statement of activities	<u>\$ 318,845</u>	<u>\$ 72,141</u>	<u>\$ 62,572</u>	<u>\$ 453,558</u>

THERAPEUTIC RIDING, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (17,137)	\$ (115,771)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	81,744	79,751
(Gain) loss on disposal of fixed assets	321	(550)
Net realized and unrealized (gain) loss on investments	2,764	2,668
Change in pledges receivable	-	1,000
Change in other assets	(5,332)	132
Change in accounts payable	2,039	7,097
Change in accrued liabilities	(5,715)	5,635
Change in deferred revenue	(108)	1,918
Net cash from operating activities	58,576	(18,120)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	-	550
Purchases of property and equipment	(7,077)	(56,740)
(Addition to) / withdrawal from restricted cash	(3,176)	38,088
Purchases of investments	(147,981)	(213,538)
Proceeds from sales of investments	191,089	151,358
Net cash provided / (used) for investing activities	32,855	(80,282)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	91,431	(98,402)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	196,849	295,251
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 288,280	\$ 196,849

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Therapeutic Riding, Inc. (TRI) was originally incorporated in 1984 as Horse Riding Therapy, Inc., and is a volunteer-based non-profit organization. TRI's mission is to provide a therapeutic environment through horseback riding and other activities for people with disabilities or other challenges. Sources of revenue include contributions, class fees, and special events.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

TRI has adopted accounting standards which require that TRI distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. These standards require that resources be classified for reporting purposes into three net asset categories according to externally (donor) imposed restrictions. The three net asset categories are as follows:

Unrestricted net assets: Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met either by actions of TRI and/or the passage of time. Once the stipulation is met, the assets are released from restriction and the expenditure is recorded in the activities of unrestricted net assets.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that require the donated assets to be maintained permanently by TRI. Generally, the donors of these assets would permit TRI to use all or part of the income earned on the corpus for general or specific purposes.

Cash and Cash Equivalents

TRI considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Restricted Cash

Restricted cash consists of funds that can be used only for specific purposes as specified by donors. These funds are released from restriction when the donor stipulations are met. As of December 31, 2017 and 2016, the restricted purposes relate to building maintenance, horse acquisition, and need-based financial assistance for riders.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, provides the 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 FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that TRI 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; and
- 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.

Property and Equipment

Property and equipment are recorded at cost when purchased and at estimated fair market value when donated. Donations of property and equipment are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, ranging from 3 to 40 years. TRI has a set capitalization policy where new property and equipment of \$500 or more is capitalized and those under the limit are expensed. Repair costs that materially add to the value of, substantially prolong the useful life of, or adapt the asset to a new or different use are also capitalized.

Impairment of Long-Lived Assets

In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended December 31, 2017 and 2016.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

All contributions are considered available for TRI's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support. Investment income that is limited to specific uses by donor restrictions is reported as unrestricted if the restrictions are met in the same reporting period as the income is recognized.

Contributions

Contributions, including unconditional promises to give, are recognized when received. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services

Contributed services are recognized if the services received satisfy the criteria for recognition. The contributions of services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services including veterinary care, as recognized in the financial statements, was \$0 and \$4,000 for the years ended December 31, 2017 and 2016, respectively.

A substantial number of other individuals have made contributions of their time to assist TRI in a variety of tasks and services. The value of these services is not recorded in the accompanying financial statements, as these services do not meet the criteria for recognition under ASC 958-205.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct expenses have been allocated to the applicable program for which the expense was incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Income Taxes

TRI is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

Use of Estimates

The preparation of financial statements in accordance 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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

Subsequent events have been evaluated through October 29, 2018, the date the financial statements were available to be issued.

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2017</u>	<u>2016</u>
Land and building	\$ 1,559,390	\$ 1,559,390
Improvements	873,423	870,300
Equipment	166,668	166,668
Horses and tack	42,593	41,893
	<u>2,642,074</u>	<u>2,638,251</u>
Less accumulated depreciation	(504,132)	(425,320)
	<u>\$ 2,137,942</u>	<u>\$ 2,212,931</u>

NOTE C - ENDOWMENT

TRI's Board of Directors has interpreted the Michigan Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2017 and 2016, there were no such donor stipulations. As a result of this interpretation, TRI retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by TRI in a manner consistent with the standard of prudence prescribed by UPMIFA. TRI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of TRI and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of TRI
- The investment policies of TRI

As of December 31, 2017 and 2016, TRI had the following endowment net asset composition by type of fund:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>December 31, 2017</u>			
Donor-restricted endowment funds	<u>\$ 14,729</u>	<u>\$ 57,000</u>	<u>\$ 71,729</u>
<u>December 31, 2016</u>			
Donor-restricted endowment funds	<u>\$ 13,263</u>	<u>\$ 57,000</u>	<u>\$ 70,263</u>

NOTE C – ENDOWMENT (CONTINUED)

Investment and Spending Policies

TRI has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that TRI must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a very low level of investment risk. TRI expects its endowment funds, over time, to provide an average rate of return of approximately 3 percent annually. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, TRI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). TRI, based on current market conditions, may choose to invest in FDIC insured instruments rather than a diverse portfolio of stocks and bonds to achieve its long-term return objectives within prudent risk constraints.

TRI follows the policy for appropriating distributions from the funds which it holds and controls established in the Endowment fund documents. The Peplau endowment is to provide perpetual income to TRI to help maintain the riding center facility. Further, the assets are to be invested in conservative instruments. In agreeing to this policy, TRI considered the long-term expected return on this endowment. This is consistent with TRI's objective to maintain purchase power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in Endowment net assets for the years ended December 31, 2017 and 2016 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
<u>Year ended December 31, 2017</u>			
Endowment net assets, beginning of year	\$ 13,263	\$ 57,000	\$ 70,263
Investment income	1,647	-	1,647
Net appreciation (depreciation) of investments	(181)	-	(181)
Endowment net assets, end of year	<u>\$ 14,729</u>	<u>\$ 57,000</u>	<u>\$ 71,729</u>
<u>Year ended December 31, 2016</u>			
Endowment net assets, beginning of year	\$ 10,950	\$ 57,000	\$ 67,950
Investment income	2,230	-	2,230
Net appreciation (depreciation) of investments	83	-	83
Endowment net assets, end of year	<u>\$ 13,263</u>	<u>\$ 57,000</u>	<u>\$ 70,263</u>

NOTE D - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table presents assets measured at fair value on a recurring basis, at December 31, 2017:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Operating investments			
Mutual Funds:			
Money market funds	\$ 18	\$ 18	\$ -
Exchange traded funds	7,420	7,420	-
Corporate bonds	120,261	-	120,261
Government bonds	55,731	-	55,731
Certificates of deposit	4,996	-	4,996
	<u>\$ 188,426</u>	<u>\$ 7,438</u>	<u>\$ 180,988</u>
Endowment investments			
Mutual Funds:			
Fixed income funds	\$ 10,876	\$ 10,876	\$ -
Money market funds	819	819	-
Exchange traded funds	3,964	3,964	-
Corporate bonds	43,070	-	43,070
Government bonds	13,000	-	13,000
	<u>\$ 71,729</u>	<u>\$ 15,659</u>	<u>\$ 56,070</u>

The following table presents assets measured at fair value on a recurring basis, at December 31, 2016:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Operating investments			
Mutual Funds:			
Fixed income funds	\$ 18,074	\$ 18,074	\$ -
Money market funds	38	38	-
Exchange traded funds	3,500	3,500	-
Corporate bonds	130,259	-	130,259
Government bonds	63,883	-	63,883
Certificates of deposit	20,009	-	20,009
	<u>\$ 235,763</u>	<u>\$ 21,612</u>	<u>\$ 214,151</u>
Endowment investments			
Mutual Funds:			
Fixed income funds	\$ 17,129	\$ 17,129	\$ -
Money market funds	822	822	-
Exchange traded funds	2,384	2,384	-
Corporate bonds	24,944	-	24,944
Government bonds	16,984	-	16,984
Certificates of deposit	8,000	-	8,000
	<u>\$ 70,263</u>	<u>\$ 20,335</u>	<u>\$ 49,928</u>

NOTE D – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methods used for TRI’s assets measured at fair value in the above tables:

Mutual Funds and exchange traded funds: These investments are publicly traded investments, which are valued at the daily closing price of the instrument and are classified within Level 1.

Corporate bonds, government obligations, and certificates of deposit: These investments are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market rate assumptions, and are classified within Level 2.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Investment returns are as follows:

	2017	
	Unrestricted	Temporarily Restricted
Interest and dividends	\$ 7,129	\$ 1,723
Appreciation/(depreciation) of investments	(2,583)	(181)
Total investment return	\$ 4,546	\$ 1,542

	2016	
	Unrestricted	Temporarily Restricted
Interest and dividends	\$ 4,452	\$ 2,314
Appreciation/(depreciation) of investments	(2,751)	83
Total investment return	\$ 1,701	\$ 2,397

NOTE E - CONSERVATION EASEMENT AGREEMENT

In 2008, TRI entered into a perpetual conservation easement agreement with the Washtenaw Land Trust for the purposes of preserving and protecting TRI’s land on which TRI operates. The agreement prohibits certain actions including, but not limited to, land division, certain commercial and industrial activities, construction, cutting vegetation, dumping, and oil, gas, and mineral extraction. TRI retains all right, title, and interest in the property including the right to sell, mortgage, or donate all or a portion of the property. This agreement holds no monetary value to TRI.

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets had the following balances at December 31:

	2017	2016
Capital campaign	\$ 47,245	\$ 47,197
Endowment fund	14,729	13,263
Zirinsky scholarship program	29,316	26,189
Fencing/pasture improvements	3,715	9,291
Horse acquisition fund	3,604	3,604
	\$ 98,609	\$ 99,544

NOTE G - NEW ACCOUNTING PRONOUNCEMENTS

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, a principles-based standard to recognize revenue from customer contracts. ASU No. 2014-09 will be effective beginning in 2019. TRI is currently evaluating the impact the adoption of ASU No. 2014-09 will have on its financial statements.

The FASB also issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958)*, which will require changes to the presentation of financial statements for not-for-profit entities. These changes are designed to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU No. 2016-14 will be effective for fiscal years beginning after December 15, 2017. Early adoption is allowed. TRI is currently evaluating the impact the adoption of ASU No. 2016-14 will have on its financial statements.

The FASB also issued ASU No. 2016-18, *Statement of Cash Flows – Restricted Cash*, which changes how companies reflect restricted cash in cash flow statements. ASU No. 2016-18 will be effective for public companies for fiscal years beginning after December 15, 2017. It will be effective for other entities for fiscal years beginning after December 15, 2018. Early adoption is allowed. TRI is currently evaluating the impact the adoption of ASU No. 2016-18 will have on its financial statements.