

AUDITED FINANCIAL STATEMENTS

*BIG RED BARN RETREAT*

December 31, 2020

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December 31, 2020

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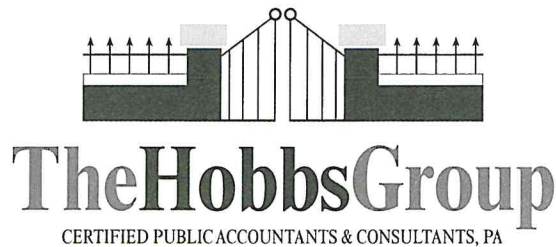
AUDITED FINANCIAL STATEMENTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Big Red Barn Retreat

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Big Red Barn Retreat (the "Retreat"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the Retreat as of December 31, 2020 and 2019, 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.

Columbia, South Carolina  
July 28, 2021

*The Hall Group, P.A.*

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION  
*BIG RED BARN RETREAT*  
 December 31, 2019

	December 31,	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 449,573	\$ 212,620
Cash and cash equivalents - restricted	77,429	36,500
Investments	300,184	150,184
Accounts receivable	0	9,061
Noncurrent Assets		
Furniture and equipment, net	30,513	2,054
	<u>857,699</u>	<u>410,419</u>
TOTAL ASSETS	\$ <u>857,699</u>	\$ <u>410,419</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued expenses	\$ 17,667	\$ 0
	<u>17,667</u>	<u>0</u>
TOTAL LIABILITIES	\$ <u>17,667</u>	\$ <u>0</u>
Net Assets		
Without donor restrictions	784,272	332,990
With donor restrictions	55,760	77,429
	<u>840,032</u>	<u>410,419</u>
Total Net Assets	\$ <u>840,032</u>	\$ <u>410,419</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>857,699</u>	\$ <u>410,419</u>

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

STATEMENT OF ACTIVITIES  
*BIG RED BARN RETREAT*  
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions	\$ 520,079		\$ 520,079
Grants	6,500	\$ 267,360	273,860
In-kind rent	225,000		225,000
Investment income	2,292		2,292
Rental income	11,000		11,000
Program revenue	36,758		36,758
Net assets released from restrictions	289,029	(289,029)	0
Total Revenues and Other Support	<u>1,090,658</u>	<u>(21,669)</u>	<u>1,068,989</u>
<b>EXPENSES</b>			
Program Services	535,251		535,251
Supporting Services			
Management and general	13,796		13,796
Fundraising	90,329		90,329
Total Expenses	<u>639,376</u>	<u>0</u>	<u>639,376</u>
CHANGE IN NET ASSETS	451,282	(21,669)	429,613
Net assets at beginning of year	<u>332,990</u>	<u>77,429</u>	<u>410,419</u>
NET ASSETS AT END OF YEAR	<u>\$ 784,272</u>	<u>\$ 55,760</u>	<u>\$ 840,032</u>

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

STATEMENT OF ACTIVITIES  
*BIG RED BARN RETREAT*  
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions	\$ 103,600		\$ 103,600
Grants	103,225	\$ 96,500	199,725
In-kind rent	99,300		99,300
Investment income	390		390
Rental income	12,000		12,000
Retreat income	30,131		30,131
Yoga income	2,993		2,993
Psychotherapy income	9,061		9,061
Special events, net of related expenses of \$31,245	10,053		10,053
Other	548		548
Net assets released from restrictions	19,071	(19,071)	0
Total Revenues and Other Support	<u>390,372</u>	<u>77,429</u>	<u>467,801</u>
<b>EXPENSES</b>			
Program Services	279,627		279,627
Supporting Services			
Management and general	12,554		12,554
Fundraising	2,624		2,624
Total Expenses	<u>294,805</u>	<u>0</u>	<u>294,805</u>
CHANGE IN NET ASSETS	95,567	77,429	172,996
Net assets at beginning of year	<u>237,423</u>	<u>0</u>	<u>237,423</u>
NET ASSETS AT END OF YEAR	<u>\$ 332,990</u>	<u>\$ 77,429</u>	<u>\$ 410,419</u>

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



STATEMENT OF FUNCTIONAL EXPENSES  
*BIG RED BARN RETREAT*  
For the Year Ended December 31, 2020

	Program Services						
	Therapeutic Yoga	Psychotherapy Services	Healing Arts Workshops	Warrior PATHH	Day Retreat	Active Duty Retreats	Garden
Accounting	\$ 599	\$ 599	\$ 599	\$ 606	\$ 599	\$ 599	\$ 599
Advertising	1,349	1,349	1,349	7,338	1,349	1,349	1,349
Automobile		1,099		57			
Bank charges	30	30	30	164	30	30	30
Depreciation	285	285	285	285	285	285	285
Equipment		249		20,791			
Food and Water	58	58	58	3,454	58	931	58
Fundraising							
In-kind rent	22,500	22,500	22,500	22,500	22,500	22,500	22,500
Insurance	294	294	294	294	294	294	294
Licenses and certifications	12	262	12	12	12	12	12
Maintenance	45	45	45	1,234	45	45	45
Office supplies	96	96	96	313	96	96	96
Payroll taxes				4,358			
Postage	4	4	4	4	4	4	4
Professional services	40,635	41,550	7,885	75,073	1,111	1,111	1,111
Property tax	22	22	22	22	22	22	22
Salaries and wages				56,308			
Supplies	667	2,008	375	20,505	375	375	1,344
Telephone and internet	99	99	99	499	99	99	99
Travel				3,979			
Utilities	572	572	572	572	572	572	572
Waste removal	165	165	165	165	165	165	165
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 67,432</u>	<u>\$ 71,286</u>	<u>\$ 34,390</u>	<u>\$ 218,534</u>	<u>\$ 27,616</u>	<u>\$ 28,489</u>	<u>\$ 28,585</u>

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

STATEMENT OF FUNCTIONAL EXPENSES  
*BIG RED BARN RETREAT*  
For the Year Ended December 31, 2020

	Program Services		Total Program Services	Supporting Services		Total Expenses
	Peer to Peer	Other Programs		Management and General	Fundraising	
Accounting	\$ 599	\$ 599	\$ 5,398	\$ 299	\$ 299	\$ 5,996
Advertising	1,349	1,349	18,130	674	17,664	36,468
Automobile			1,156			1,156
Bank charges	30	30	404	15	780	1,199
Depreciation	285	285	2,565	141	141	2,847
Equipment			21,040			21,040
Food and Water	510	58	5,243	29	29	5,301
Fundraising			0		14,833	14,833
In-kind rent	22,500	22,500	202,500	11,250	11,250	225,000
Insurance	294	294	2,646	147	794	3,587
Licenses and certifications	12	12	358	6	1,006	1,370
Maintenance	45	45	1,594	23	23	1,640
Office supplies	96	96	1,081	48	48	1,177
Payroll taxes			4,358			4,358
Postage	4	4	36	2	2	40
Professional services	2,573	2,885	173,934	555	41,988	216,477
Property tax	22	22	198	11	11	220
Salaries and wages			56,308			56,308
Supplies	375	375	26,399	178	743	27,320
Telephone and internet	99	99	1,291	50	50	1,391
Travel			3,979			3,979
Utilities	572	572	5,148	286	286	5,720
Waste removal	165	165	1,485	82	382	1,949
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 29,530</b>	<b>\$ 29,390</b>	<b>\$ 535,251</b>	<b>\$ 13,796</b>	<b>\$ 90,329</b>	<b>\$ 639,376</b>

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

STATEMENT OF FUNCTIONAL EXPENSES  
*BIG RED BARN RETREAT*  
For the Year Ended December 31, 2019

	Program Services					Total Program Services	Supporting Services		Total Expenses
	Therapeutic Yoga	Psychotherapy Services	Healing Arts Workshops	Warrior PATHH	Other Programs		Management and General	Fundraising	
Advertising	\$ 3,407	\$ 3,407	\$ 3,407	\$ 4,157	\$ 3,407	\$ 17,785	\$ 945	\$ 946	\$ 19,676
Depreciation	247	247	247	247	247	1,235	68	67	1,370
Equipment	3,262	1,352	1,352	10,010	1,352	17,328	376	376	18,080
Food and Water	2,820	2,820	2,820	21		8,481			8,481
Garden	648	648	648	648		2,592			2,593
In-kind rent	17,874	17,874	17,874	17,874	17,874	89,370	9,930		99,300
Insurance	823	823	823	823	823	4,115	229	229	4,573
Instruction	31,615	44,697	14,180			90,492			90,492
Maintenance	893	893	893	893	893	4,465	248	248	4,961
Office supplies	46	46	2,784	1,533	46	4,455	13	13	4,481
Other	568	568	568	1,960	569	4,233	75	75	4,383
Postage	37	37	37	37	37	185	10	10	205
Professional services	513	513	513	23,548	513	25,600	143	143	25,886
Training	286	286	286	286	286	1,430	80	80	1,590
Utilities	1,572	1,572	1,572	1,572	1,572	7,860	437	437	8,734
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 64,611</u>	<u>\$ 75,783</u>	<u>\$ 48,004</u>	<u>\$ 63,609</u>	<u>\$ 27,619</u>	<u>\$ 279,626</u>	<u>\$ 12,554</u>	<u>\$ 2,624</u>	<u>\$ 294,805</u>

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

STATEMENT OF CASH FLOWS  
*BIG RED BARN RETREAT*  
 For the Year Ended December 31, 2019

	For the Years Ended December 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 429,613	\$ 172,996
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	2,847	1,370
Unrealized gain	0	(184)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	9,061	(9,061)
Increase in accrued expenses	17,667	0
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>459,188</u>	<u>165,121</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(31,306)	0
Purchase of investments	(150,000)	(150,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(181,306)</u>	<u>(150,000)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	277,882	15,121
Cash at beginning of year	<u>249,120</u>	<u>233,999</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 527,002</u></u>	<u><u>\$ 249,120</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS  
*BIG RED BARN RETREAT*  
DECEMBER 31, 2019

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

Nature of Activities

Big Red Barn Retreat (the "Retreat"), is a non-profit organization founded in 2014 in memory of a late veteran. The mission of the Retreat is to provide healing to those in need of peace. The Retreat's activities focus on providing non-clinical therapeutic services to active-duty and retired service members, veterans and their immediate family members who are suffering from military or combat related stress issues in a natural, relaxed setting. The Retreat funds its programs through private donations and local grants.

The Retreat offers four main therapeutic services for military personnel: therapeutic yoga, equine assisted psychotherapy, healing art workshops, and the Warrior PATHH program. Therapeutic yoga assists in treating mental stresses, physical injuries, and limitations received in military service using the time-honored and unique principles, teachings and practices of yoga. Equine assisted psychotherapy is the practice of using horses to address mental and behavioral health issues and/or personal development goals. It is a collaborative effort between a licensed therapist and a horse professional working with the clients and horses to address treatment or personal growth goals. Healing art workshops, led by an experienced facilitator, support emotional healing for those suffering from military or combat related stress issues and their immediate family members in need of peace. Warrior PATHH is progressive and alternative training for healing heroes, which are based on the science of post traumatic growth.

Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of the Retreat have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: The Retreat prepares its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations* (the "Guide").

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Retreat and changes therein are classified as follows:

*Net assets without donor restrictions:* The portion of the net assets of the Retreat that can be used subject only to the broad limits resulting from the nature of the Retreat, the environment in which it operates, and the purposes specified in its bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Retreat in the course of its business. The Retreat has the ability to choose when using these resources.

NOTES TO THE FINANCIAL STATEMENTS  
*BIG RED BARN RETREAT*

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –  
Continued

*Net assets with donor restrictions:* The portion of net assets of the Retreat that is subject to either donor imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Retreat's choices when using these resources because the Retreat has a fiduciary responsibility to the donors to follow their instructions.

Revenue Recognition: Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use 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 the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The significant estimates in these financial statements relate to the functional allocation of expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Retreat considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable: Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through a provision for bad debt expenses and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are credit to accounts receivable. Management has determined all amounts are collectible at December 31, 2020 and 2019.

Investments: Investments in marketable securities with readily determinable fair values and all debt instruments in debt securities are reported at their fair values in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note C for the discussion of fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) (i.e., realized and unrealized gains and losses on investments) is included in the statement of activities, net of investment expenses, as increases or decreases in net assets without donor restrictions unless such income or appreciation is restricted by donor or law.

NOTES TO THE FINANCIAL STATEMENTS  
*BIG RED BARN RETREAT*

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –  
 Continued

Property and Equipment: Property and equipment are stated at cost at the date of acquisition or fair market value at the date of donation. Depreciation is calculated on a straight-line method over estimated useful lives of three, five, and seven years. The Retreat’s property and equipment purchases that exceed or are valued \$5,000 or more are capitalized.

Functional Expenses: All expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing program and supporting services are allocated and summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. The allocation between program services, management and general, and fundraising expense is based on square footage.

Income Taxes: The Retreat has received a determination letter from the Internal Revenue Service (IRS) indicating it is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and is subject to federal income tax only on net unrelated business income. Management has determined that the Retreat has no current obligations for unrelated business income tax. Accordingly, no provisions for federal and state income taxes are included in the financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Retreat and recognize a tax liability (or asset) if the Retreat has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Retreat, and has concluded that as of December 31, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Retreat is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for tax years prior to 2017.

Advertising: Advertising expense for the years ended December 31, 2020 and 2019 was \$36,468 and \$19,676, respectively.

Subsequent Events: Subsequent events were evaluated through July 28, 2021, which represents the date the financial statements were available to be issued.

NOTE B -- CONCENTRATION OF CREDIT RISK

The Retreat maintains its cash in bank deposit accounts which at times may exceed federally insured limits. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020 and 2019, the Retreat’s cash balance was fully insured by FDIC.

Item and Credit Risk	2020	2019
Cash on deposit insured by FDIC	\$ 404,298	\$ 249,121
Cash on deposit in excess of FDIC limits	40,345	0
	\$ 444,643	249,121

NOTES TO THE FINANCIAL STATEMENTS  
*BIG RED BARN RETREAT*

NOTE C -- FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Retreat 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 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2020 and 2019.

Fixed Income: Valued at the closing price reported on the active market on which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Retreat's fair value measurements at December 31, 2020 and 2019:

	Fair Value Measurements at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Fixed income	\$ 300,184			\$ 300,184
TOTAL ASSETS AT FAIR VALUE	\$ 300,184	\$ 0	\$ 0	\$ 300,184



NOTES TO THE FINANCIAL STATEMENTS  
*BIG RED BARN RETREAT*

NOTE C -- FAIR VALUE MEASUREMENTS – Continued

	Fair Value Measurements at December 31, 2019			Total
	Level 1	Level 2	Level 3	
Fixed income	\$ 150,184			\$ 150,184
TOTAL ASSETS AT FAIR VALUE	\$ 150,184	\$ 0	\$ 0	\$ 150,184

Investment return in the statement of activities is reported net of investment expenses and is summarized as follows at December 31:

	2020	2019
Interest and dividends	\$ 2,292	\$ 390
TOTAL INVESTMENT RETURN	\$ 2,292	\$ 390

NOTE D -- FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following as of December 31:

	2020	2019
Furniture and equipment	\$ 35,731	4,425
Less accumulated depreciation	(5,218)	(2,371)
TOTAL FURNITURE AND EQUIPMENT, NET	\$ 30,513	2,054

Depreciation expense was \$2,847 and \$1,370 for the years ending December 31, 2020 and 2019, respectively.

NOTE E -- IN-KIND REVENUE AND EXPENSE

The Retreat receives in-kind amounts for the value of the 75 acre farm where the Retreat operates. In kind expenses were evaluated by a third party professional real estate broker based on the fair market rental value if the complex was leased to a third party rather than donated to the Retreat. In assessing the fair market value, lease rates for comparable farms in the area were used to evaluate the in-kind contribution for the donated value of the property in which the Retreat is located on. The value of the donated rental expense received was \$225,000 and \$99,300 for the years ended December 31, 2020 and 2019.

NOTE F -- RELATED PARTY TRANSACTIONS

For the years ended December 31, 2020 and 2019, a substantial portion of revenue was derived from a Board member who is also a family member of the Executive Director. Additionally, the property donated to the Retreat and reflected as in-kind revenue and in-kind expense was made by the same person.

NOTES TO THE FINANCIAL STATEMENTS  
*BIG RED BARN RETREAT*

NOTE G -- NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following programs at December 31:

	2020	2019
Dorothy Smith Yoga Grant	\$ 12,255	\$ 4,295
Healing Lens Grant	(7,433)	4,622
Hootie and the Blowfish Grant	8,762	8,762
EAP Psychotherapy	(16,591)	0
Warrior PATHH Grant	58,767	59,750
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 55,760</b>	<b>\$ 77,429</b>

NOTE H -- LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Retreat's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditure within on year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Board of Directors has set aside the funds for a specific contingency reserve.

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 527,002	\$ 249,120
Investments	300,184	150,184
Accounts receivable	0	9,061
Total Financial Assets	<u>825,086</u>	<u>408,365</u>
Less those unavailable for general expenditure within one year, due to:		
Funds with donor restrictions	<u>(55,760)</u>	<u>(77,429)</u>
<b>FINANCIAL ASSETS TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ON YEAR</b>	<b>\$ 769,326</b>	<b>\$ 330,936</b>

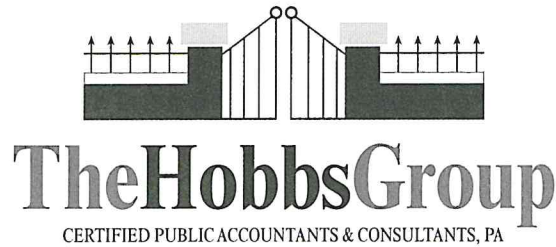
NOTE I -- UNCERTAINTY

Covid 19: In March 2020, the World Health Organization categorized COVID-19 as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The impact on the accompanying financial statements of the COVID-19 outbreak cannot be readily determined. Financial markets, distribution networks and the ultimate impact of this outbreak to the financial operations of the Retreat are difficult to assess and predict. The Retreat is taking steps to mitigate the impact of the outbreak, but the ultimate success of this endeavor cannot be predicted at this time.

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To the Board of Directors of  
Big Red Barn Retreat

We have audited the financial statements of Big Red Barn Retreat (the "Retreat") as of and for the year ended December 31, 2020 and have issued our report thereon dated July 28, 2021. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated February 25, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Retreat solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Retreat is included in Note A to the financial statements. As described in Note A to the financial statements, during the year, the Retreat adopted ASU 2016-14, Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Retreat has adjusted the presentation of their financial statements accordingly. The ASU has been applied retrospectively to all periods presented. No other matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of in-kind revenue and in-kind expense for donated rent is based on a third party estimate of the real estate market in the surrounding area. We evaluated the key factors and assumptions used to develop the current year in-kind revenue and in-kind expense related to those items in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the functional allocation of expenses by functional category is based on the Retreat's cost allocation methodology. We evaluated the key factors and assumptions used to develop the functional expense allocation and determined that it is reasonable in relation to the basic financial statements taken as a whole.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements noted during the audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Retreat's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated July 28, 2021.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with the Retreat, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Retreat's auditors.

This report is intended solely for the information and use of the Board of Directors, and management of the Retreat and is not intended to be and should not be used by anyone other than these specified parties.

*The Hall Group, P.A.*

Columbia, South Carolina  
July 28, 2021



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To Management and the Board of Directors of Big Red Barn Retreat:

In planning and performing our audit of the financial statements of the Big Red Barn Retreat, Inc. (the "Retreat") as of and for the years ended December 31, 2020 and 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Retreat's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Retreat's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We consider the following deficiencies in the entity's internal control to be material weaknesses:

The Retreat has experienced significant growth and the growth and complexity of properly accounting for the Retreat's activities requires improvement. These improvements include the following specific areas.

#### IRS Charitable Contribution Compliance

The Internal Revenue Service requires non-profit Organizations to provide contemporaneous acknowledgement of all contributions in excess of \$250. The Retreat's policy is to issue such confirmation stating that no goods or services were received but during our field work it was determined that the Retreat does not maintain copies of this correspondence. Failure to retain the

documentation either in the donor files or so other methodology is not considered a good business practice since the Retreat does not have evidence that they have complied with a requirement of the Internal Revenue Service. We recommend that the policy be changes immediately to comply with IRS guidelines.

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This communication is intended solely for the information and use of management, the Board of Directors, and is not intended to be, and should not be, used by anyone other than these specified parties.

*The Halle Group, P.A.*

Columbia, South Carolina  
July 28, 2021