

**HORN FARM CENTER
FOR AGRICULTURAL EDUCATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015
AND
INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

HAMILTON & MUSSER, P.C.
Certified Public Accountants

HORN FARM CENTER FOR AGRICULTURAL EDUCATION

Table of Contents

For the Years Ended December 31, 2016 and 2015

CONTENTS

PAGE

Independent Accountant's Review Report

1-2

Financial Statements:

Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis

3

Statements of Support, Revenues, and Expenses – Modified Cash Basis

4

Notes to Financial Statements

5-8

Supplementary Information:

Schedules of Functional Expenses – Modified Cash Basis

9-10



HAMILTON & MUSSER, P.C.

Certified Public Accountants • Consultants to Management

DAVID A. HAMILTON, CPA • BARRY E. MUSSER, CPA, CFP®
JAMES A. KRIMMEL, MBA, CPA, CFE, CFF • ROBERT D. MAST, CPA • WILLIAM P. ASHMAN, CPA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Members of
Horn Farm Center for Agricultural Education
York, Pennsylvania

Report on the Financial Statements

We have reviewed the accompanying financial statements of Horn Farm Center for Agricultural Education (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2016 and 2015, and the related statements of support, revenues, and expenses – modified cash basis 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 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 the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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 the modified cash basis of accounting. 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 the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Supplementary Information

The supplementary information included in the schedules of functional expenses – modified cash basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our reviews, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with the modified cash basis of accounting. We have not audited the information and, accordingly, do not express an opinion on such information.

September 25, 2017

Mechanicsburg, Pennsylvania

Hamilton & Munro, P.C.
Certified Public Accountants

HORN FARM CENTER FOR AGRICULTURAL EDUCATION
 Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis
 December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and Cash Equivalents	\$ 141,153	\$ 157,938
Fixed Assets, Net (Note 2)	<u>250,350</u>	<u>214,660</u>
Total Assets	<u>\$ 391,503</u>	<u>\$ 372,598</u>
Liabilities		
Payroll Liabilities	<u>\$ 2,155</u>	<u>\$ 4,112</u>
Total Liabilities	<u>2,155</u>	<u>4,112</u>
Net Assets		
Unrestricted	<u>389,348</u>	<u>368,486</u>
Total Net Assets	<u>389,348</u>	<u>368,486</u>
Total Liabilities and Net Assets	<u>\$ 391,503</u>	<u>\$ 372,598</u>

See Accompanying Notes and Independent Accountant's Review Report

HORN FARM CENTER FOR AGRICULTURAL EDUCATION
Statements of Support, Revenues, and Expenses – Modified Cash Basis
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Support and Revenues		
Contributions	\$ 8,826	\$ 120,728
In-Kind Donations (Note 4)	33,638	31,990
Rental Income (Note 5)	16,773	24,731
Special Events	6,878	8,600
Grants	109,987	10,900
Interest	306	178
Education Programs	50,711	996
Miscellaneous	<u>1,483</u>	<u>2,121</u>
Total Support and Revenues	<u>228,602</u>	<u>200,244</u>
Expenses		
Program Services	166,336	140,137
Supporting Services		
Management and General	32,940	28,147
Fundraising	<u>8,464</u>	<u>4,092</u>
Total Expenses	<u>207,740</u>	<u>172,376</u>
Change in Net Assets	20,862	27,868
Net Assets, Beginning of Year	<u>368,486</u>	<u>340,618</u>
Net Assets, End of Year	<u>\$ 389,348</u>	<u>\$ 368,486</u>

See Accompanying Notes and Independent Accountant's Review Report

HORN FARM CENTER FOR AGRICULTURAL EDUCATION

Notes to Financial Statements

For the Years Ended December 31, 2016 and 2015

NOTE 1

NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

The Horn Farm Center for Agricultural Education (the Organization) is a non-profit organization formed for the purpose of showcasing and interpreting the rich heritage, viable present, and exciting future of York County Agriculture. The Organization is supported primarily through contributions, land rental fees, and educational programs.

Basis of Accounting:

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred. The Organization has elected to record fixed assets and noncash income and expenses.

Basis of Presentation:

Financial statement presentation follows the *Not-for-Profit Entities* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) which requires the Organization to report information regarding its assets, liabilities, and net assets and its support, revenues, and expenses according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no temporarily or permanently restricted net assets.

Revenue Recognition:

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. However, since all of the Organization's temporarily restricted contributions are used for their restricted purpose within the same year as received, they are included in unrestricted contributions in the Statement of Support, Revenues, and Expenses – Modified Cash Basis. The Organization has no temporarily restricted or permanently restricted net assets.

Cash and Cash Equivalents:

Cash and cash equivalents include all highly liquid investments with an initial maturity of three months or less.

Fixed Assets:

It is the policy of the Organization to record purchased fixed assets at cost and donated assets at their fair value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. During 2014, the Organization modified its capitalization policy to be in compliance with tangible property regulations. New acquisitions of fixed assets having a low cost, or which are not expected to last for more than a year, are expensed in the year of acquisition. Repairs and maintenance charges are capitalized and depreciated when they materially extend the useful life of the related assets.

HORN FARM CENTER FOR AGRICULTURAL EDUCATION

Notes to Financial Statements

For the Years Ended December 31, 2016 and 2015

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation:

The Organization is exempt from federal income tax as provided by Code Section 501(c)(3) of the Internal Revenue Code. Donors are entitled to deductions for federal income tax purposes for contributions made to the Organization in accordance with the Internal Revenue Code. Accordingly, no income tax is incurred unless the Organization earns income considered to be unrelated business income. The Organization conducted no activities that were subject to income taxes.

Management evaluated the tax positions taken and concluded that the Organization had taken no uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before December 31, 2013.

Contributed Services:

A number of non-professional, unpaid volunteers have made significant contributions of their time. The value of this contributed time is not reflected in the financial statements for those services since they do not meet the criteria for recognition.

Use of Estimates:

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 FIXED ASSETS

Fixed assets at December 31, 2016 and 2015 are summarized as follows:

	<u>2016</u>	<u>2015</u>
Buildings and Improvements	\$ 212,196	\$ 165,276
Leasehold Improvements	23,842	23,842
Furniture and Equipment	<u>50,738</u>	<u>50,738</u>
	286,776	239,856
Less: Accumulated Depreciation	<u>(36,426)</u>	<u>(25,196)</u>
Total	<u>\$ 250,350</u>	<u>\$ 214,660</u>

The useful lives for purposes of computing depreciation are as follows:

Buildings and Improvements	7-30 Years
Leasehold Improvements	30 Years
Furniture and Equipment	5-15 Years

Depreciation expense was \$11,230 and \$10,448 for the years ended December 31, 2016 and 2015, respectively.

NOTE 3 REVENUE CONCENTRATION

One entity contributed 56% and 52% of the Organization's total revenue and support for the years ended December 31, 2016 and 2015, respectively. Loss of this contributor could affect the operations of the Organization.

HORN FARM CENTER FOR AGRICULTURAL EDUCATION

Notes to Financial Statements

For the Years Ended December 31, 2016 and 2015

NOTE 4 IN-KIND DONATIONS

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

The Organization received the following in-kind donations during the years ended December 31, 2016 and 2015:

	2016 <u>Fair Value</u>	2015 <u>Fair Value</u>
Supplies	\$ 2,895	\$ 1,247
Land Lease	<u>30,743</u>	<u>30,743</u>
Total In-Kind Donations	<u>\$ 33,638</u>	<u>\$ 31,990</u>

The Organization's operations are conducted from donated use of land and facilities. The value of the donated use of land and facilities is recorded in the Statements of Support, Revenues, and Expenses – Modified Cash Basis. In May 2007, the Organization entered into a lease agreement with York County. The Organization leases its 186 acres of land and facilities from York County for \$1 per year and a lease term of 30 years. In April 2016, York County amended the lease for 99 years and removed the cancellation clause.

NOTE 5 RENTAL INCOME

The Organization subleases a portion of the land leased from York County to a local farmer. The Organization entered into two lease agreements with the farmer effective January 1, 2016 through December 31, 2018. The first is for 89 acres to be paid in two equal installments of \$7,120 due in April and November. The second is for 18.5 acres to be paid in two equal installments of \$1,196 due in April and November of 2016, and two equal installments of \$1,156 in 2017 and 2018. These payments are included in the Rental Income on the Statements of Support, Revenues, and Expenses – Modified Cash Basis. The Organization received \$16,773 and \$24,731 for the years ended December 31, 2016 and 2015, respectively.

NOTE 6 CONCENTRATED CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC). Organization accounts at one financial institution may have exceeded the insurance obtained through the FDIC at various times throughout the year. There were no amounts in excess of the FDIC limit at December 31, 2016 and 2015.

NOTE 7 FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing various programs and activities has been summarized on a functional basis in the Statements of Support, Revenues, and Expenses – Modified Cash Basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

HORN FARM CENTER FOR AGRICULTURAL EDUCATION

Notes to Financial Statements

For the Years Ended December 31, 2016 and 2015

NOTE 8 ADVERTISING

The Organization expenses advertising costs as incurred. Advertising costs were \$3,727 and \$1,670 for the years ended December 31, 2016 and 2015, respectively.

NOTE 9 SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 25, 2017, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HORN FARM CENTER FOR AGRICULTURAL EDUCATION

Schedule of Functional Expenses – Modified Cash Basis

For the Year Ended December 31, 2016

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 3,355	\$ 186	\$ 186	\$ 3,727
Conferences and Meetings	1,059	1,624	812	3,495
Contracted Services	1,138	379	-	1,517
Depreciation	8,984	2,246	-	11,230
Education Programs	3,594	-	-	3,594
Employee Benefits	1,299	325	-	1,624
Equipment Maintenance and Repairs	12,603	-	-	12,603
In-Kind Rental	30,743	-	-	30,743
Insurance	716	4,788	-	5,504
Maintenance and Repairs	4,767	414	-	5,181
Membership and Dues	405	45	-	450
Miscellaneous	-	807	-	807
Office Equipment	1,639	336	-	1,975
Office Supplies	1,271	159	159	1,589
Payroll Taxes	5,896	1,105	368	7,369
Postage	1	9	3	13
Printing	924	62	246	1,232
Produce Sales	10,775	-	-	10,775
Professional Fees	-	3,343	-	3,343
Real Estate Taxes	-	1,581	-	1,581
Salaries	67,309	12,621	4,207	84,137
Special Events	-	-	1,966	1,966
Supplies	4,566	1,217	304	6,087
Telephone	1,493	426	213	2,132
Utilities	3,799	1,267	-	5,066
Total Expenses	<u>\$ 166,336</u>	<u>\$ 32,940</u>	<u>\$ 8,464</u>	<u>\$ 207,740</u>

See Independent Accountant's Review Report

HORN FARM CENTER FOR AGRICULTURAL EDUCATION

Schedule of Functional Expenses – Modified Cash Basis

For the Year Ended December 31, 2015

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Advertising	\$ 1,585	\$ 85	\$ -	\$ 1,670
Conferences and Meetings	3,296	331	-	3,627
Contracted Services	4,975	1,000	-	5,975
Depreciation	8,400	2,048	-	10,448
Education Programs	3,102	-	2,069	5,171
Employee Benefits	2,400	602	-	3,002
Equipment Maintenance and Repairs	2,007	-	-	2,007
In-Kind Rental	30,743	-	-	30,743
Insurance	300	2,046	-	2,346
Maintenance and Repairs	11,555	997	-	12,552
Membership and Dues	608	-	-	608
Miscellaneous	-	3,504	-	3,504
Office Equipment	2,106	423	-	2,529
Office Supplies	930	234	-	1,164
Payroll Taxes	4,420	829	275	5,524
Postage	-	50	7	57
Printing	1,045	-	266	1,311
Professional Fees	-	2,300	-	2,300
Real Estate Taxes	-	1,463	-	1,463
Salaries	47,706	10,251	1,213	59,170
Supplies	10,521	-	-	10,521
Telephone	1,438	448	262	2,148
Utilities	3,000	1,536	-	4,536
Total Expenses	<u>\$ 140,137</u>	<u>\$ 28,147</u>	<u>\$ 4,092</u>	<u>\$ 172,376</u>

See Independent Accountant's Review Report