CHESAPEAKE THERAPEUTIC RIDING, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

CHESAPEAKE THERAPEUTIC RIDING, INC.

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Leavy, Hucik, Shifflett & Snyder, LLC

INDEPENDENT ACCOUNTANTS' REPORT

Barbara L. Leavy, CPA
Debra Riggs Hucik, CPA
Cynthia L. Shifflett, CPA
Dawn D. Snyder, CPA

To the Board of Directors
Chesapeake Therapeutic Riding, Inc.
Abingdon, MD

We have audited the accompanying statement of financial position at December 31, 2013 and the statement of activities, statement of cash flows and supplementary information of functional expenses of Chesapeake Therapeutic Riding, Inc., a non-profit organization. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principals generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the audit in accordance with generally accepted auditing standards in the United States of America as issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain reasonable assurance that there are no material modifications that should be made to the financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentations. We believe that the results of our procedures provide a reasonable basis for our report.

In our opinion, the statements referred to above present fairly, in all material respects, the financial position of Chesapeake Therapeutic Riding, Inc. at December 31, 2013, and the results of its operations and cash flows for the year then ended in conformity with general accepted accounting principles in the United States of America.

Our audit was made for the purpose of expressing an opinion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principals generally accepted in the United States of America. The information included in the accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dawn Snyder

Bel Air, Maryland
April 4, 2014

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CHESAPEAKE THERAPEUTIC RIDING, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2013

		2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$	116,425
Accounts recievable		104
Prepaid Insurance		381
Total current assets		**116,910**
Fixed Assets:		
Livestock, furniture, equipment and riding equipment at cost net of accumulated depreciation of $29,300		-
Net Assets	**$**	**116,910**
LIABILITIES AND NET ASSETS		
Current Liabilities:		
M&T Bank Line of credit	$	6,618
Payroll Liabilities		128
Total current liabilities		**6,746**
Net Assets:		
Unrestricted		(9,636)
Board designated-capital campaign		93,000
Temporarily restricted		26,800
Total net assets		**110,164**
Total Liabilities and Net Assets	**$**	**116,910**

See independent accountant's report and notes to financial statements.

CHESAPEAKE THERAPEUTIC RIDING, INC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

	2013			
	Unrestricted	Capital Campaign	Temporarily Restricted	Total
Public Support and Revenues				
Contributions	$ 23,476	$ 33,079	$ 25,278	$ 81,833
Grants	250			250
Program fees	73,544			73,544
Fundraisers	15,856			15,856
Total public support and revenues	113,125	33,079	25,278	171,483
Expenses				
Program	76,349			76,349
Management and general	43,421			43,421
Fundraising	4,503	8,452		12,955
Total expenses	124,273	8,452		132,725
Net program change	(11,147)	24,627	25,278	38,758
Interest and dividends		136		136
Change in net assets	(11,147)	24,763	25,278	38,894
Net assets at beginnng of year	1,511	68,237	1,522	71,270
Net assets at end of year	$ (9,636)	$ 93,000	$ 26,800	$ 110,164

CHESAPEAKE THERAPEUTIC RIDING, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

		2013
Cash Flows from Operating Activities		
Changes in net assets	$	38,894
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation		5,160
(Increase) Decrease in:		
Accounts receivable		(104)
Prepaid insurance		111
Payroll Liabilities		121
Net cash provided by (used in) operating activities		44,182
Cash Flows from Investing Activites		
Purchases of property and equipment net of accumulated depreciation		-
Increase in investing accounts		-
Net cash provided by (used in) investing activities		-
Cash Flows from Financing Activities		
Net increase (reduction) in credit line		(3,097)
Net cash provided by (used in) financing activities		(3,097)
Net increase (decrease) in cash and cash equivilants		41,084
Cash and cash equivalents at beginning of year		75,341
Cash and cash equivalents at end of year	$	116,425

See independent accountant's report and notes to financial statements.

CHESAPEAKE THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

Note 1: Summary of Significant Accounting Policies

Nature of Organization

Chesapeake Therapeutic Riding, Inc. is a not-for-profit corporation founded in 2003 with the mission of providing horseback riding lessons and horse related activities to individuals with special needs in Harford County, Maryland. The program focuses on learning riding skills and horse related responsibilities in order to expand upon the physical, mental and emotional rehabilitation of the rider.

Basis of Presentation

The financial statements of Chesapeake Therapeutic Riding, Inc. have been prepared on the accrual basis of accounting which is a comprehensive basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Chesapeake Therapeutic Riding, Inc. financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements* and 958-210-45-1 *Other Presentation Matters*. Under FASB ASC 958-210-45-1, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted – Net assets subject to donor-imposed stipulations that may, or will be met by actions of Chesapeake Therapeutic Riding, Inc. and/or passage of time.

Permanently Restricted – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted net assets exist at any time during the year ended December 31, 2013. In addition, Chesapeake Therapeutic Riding, Inc. is required to present a statement of cash flows.

Contributions

Chesapeake Therapeutic Riding, Inc. has also adopted FASB ASC 958-605-25-16 through 25-17 "Accounting for Contributions Received and Contributions Made". In accordance with FASB ASC 958-605-25-16 THROUGH 25-17, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor-imposed restrictions. Chesapeake Therapeutic Riding, Inc. has not received any contributions with donor-imposed restrictions that would result in permanently restricted net assets.

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Chesapeake Therapeutic Riding, Inc. cash in bank balances did not exceed the federally insured limits during the year. Chesapeake Therapeutic Riding, Inc. considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Use of Estimates

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

Property and Equipment

Property and equipment are stated at cost. Major renewals and betterments are capitalized. Maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense in the period incurred. When properties are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any gain or loss on disposition is recognized. Depreciation is provided over the useful lives of the assets on either a straight line or accelerated method for both income tax and financial statement reporting purposes. Depreciation is provided over the estimated life of each class of asset as follows:

Livestock	3-7 years
Furniture and Equipment	5-7 years
Buildings	39 years
Improvements	15 years
Vehicles	5 years

Income Tax Status

Chesapeake Therapeutic Riding, Inc. is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. The exemption letter confirming status was issued in 2003.

Note 2: Date of Management Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through April 5, 2014, as acknowledged in the management representation letter and the date the financial statements were available to be issued.

Note 3: Cash

The Corporation's cash at December 31, 2013 consists of the following:

		2013
Undesignated		
M&T Bank – checking	$	4,458
Total Undesignated		4,458
Designated		
M&T Bank-capital campaign fund		85,167
M&T Bank – ridership fund		26,800
Total Designated		111,967
Total Cash	$	116,425

Note 4: Property and Equipment

Property and equipment consists of the following:

Furniture and equipment	$	1,825
Livestock		8,300
Riding Equipment		16,225
Tools		2,950
		29,300
Less accumulated depreciation		29,300
Total property and equipment	$	0

Note 5: Facility

In August 2013, the Corporation moved to a new location in Harford County. The owners of the property have allowed the Corporation to use the barn and property rent free until such time as a new facility can be constructed.

Note 6: Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 7: Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Program Activities:

	2013
Ridership Fund	$ 26,800
Total	$ 26,800

Note 8: Capital Campaign

During the year ended December 31, 2011, the Board elected to affiliate with the Harford County Parks and Recreation. The County approved the request of the Board in September 2012. The Harford County Parks and Recreation has set aside $750,000 for the purchase and construction of land and a barn. The funds will be made available upon Chesapeake Therapeutic Riding, Inc. achieving $150,000 in matching funds. In March 2014 a check for $75,000 was presented to Harford County Parks and Recreation representing one half of their goal.

Note 9: Line of Credit

The Corporation has a bank line of credit with M&T Bank providing for a maximum borrowing of $10,000. The annual interest rate on this note is 10.15%. The balance at December 31, 2013 was $6,618.

SUPPLEMENTARY INFORMATION

CHESAPEAKE THERAPEUTIC RIDING, INC
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013

	2013			
	Program	Management & General	Fundraising	Total
Accounting fees	$	$ 1,084	$	$ 1,084
Advertising-Dresher Foundation	-	168		168
Books, subscriptions	-	131		131
Business registration fees		425		425
Capital Campaign expense			8,452	8,452
Compensation of officers	$ 24,960	16,640		41,600
D&O insurance	380			380
Depreciation		5,160		5,160
Employee health insurance	-	7,251		7,251
Facilities and equipment	17,150			17,150
Farrier fees	2,000		-	2,000
Finance charges		107		107
Hay Delivery	1,220			1,220
Horse feed and supplies	1,722			1,722
Marketing expense	88			88
Membership dues	1,033		-	1,033
Payroll taxes	758	3,374	381	4,513
Postage		853		853
Prior year adjustment		2,029		2,029
Program insurance	1,179			1,179
Salaries & wages	8,937		4,122	13,059
Service-finance charges		991		991
Supplies		707		707
Telephone		3,544		3,544
Therapeutic riding expense	15,690			15,690
Travel-milage	-	958	-	958
Veterinary fees	1,232			1,232
Total Expenses	$ 76,349	$ 43,421	$ 12,955	$ 132,725