

**THE HORSE PARK AT WOODSIDE**

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**FINANCIAL STATEMENTS**

March 31, 2022



# THE HORSE PARK AT WOODSIDE

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## INDEPENDENT AUDITORS' REPORT

To the Board of Governors of  
The Horse Park at Woodside  
Woodside, California

### ***Opinion***

We have audited the financial statements of The Horse Park at Woodside (a nonprofit organization; the "Organization"), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of March 31, 2022, 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 ("U.S. GAAP").

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BPM LLP

St. Helena, California  
September 18, 2023

# THE HORSE PARK AT WOODSIDE

## STATEMENT OF FINANCIAL POSITION

As of March 31, 2022

### ASSETS

Current assets:		
Cash and cash equivalents	\$	486,753
Accounts receivable		9,879
Total current assets		<u>496,632</u>
Property and equipment, net		3,682,042
Investments in marketable securities, at fair value		1,610,983
Lease deposits and other assets		<u>35,769</u>
Total assets	\$	<u>5,825,426</u>

### LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$	183,432
Deferred revenue		238,833
Capital lease obligations, current		<u>40,705</u>
Total current liabilities		<u>462,970</u>
Non-current liabilities:		
Capital lease obligations, net of current portion		<u>61,928</u>
Total liabilities		<u>524,898</u>
Commitments and contingencies (Note 6)		
Net assets:		
Without donor restrictions		5,107,702
With donor restrictions		<u>192,826</u>
Total net assets		<u>5,300,528</u>
Total liabilities and net assets	\$	<u>5,825,426</u>

# THE HORSE PARK AT WOODSIDE

## STATEMENT OF ACTIVITIES

For the year ended March 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Boarding and bedding	\$ 1,371,604	\$ -	\$ 1,371,604
Horse events	1,082,166	-	1,082,166
Membership fees	444,610	-	444,610
Contributions	232,532	313,337	545,869
In-kind contributions	22,760	-	22,760
Dividend and interest income, net	46,535	-	46,535
Realized gain on sale of investments	144,469	-	144,469
Unrealized gain on fair value of investments	27,369	-	27,369
Miscellaneous income	25,640	-	25,640
Total revenue, gains and other support	3,397,685	313,337	3,711,022
Net assets released from restrictions	160,341	(160,341)	-
Total revenue, gains and other support with restrictions satisfied by payments	3,558,026	152,996	3,711,022
Expenses:			
Program services:			
Facilities management and maintenance	1,568,323	-	1,568,323
Boarding and bedding	670,688	-	670,688
Horse events	814,157	-	814,157
Total program services	3,053,168	-	3,053,168
Supporting services:			
Management and general	772,966	-	772,966
Total supporting services	772,966	-	772,966
Total expenses	3,826,134	-	3,826,134
Change in net assets from operations	(268,108)	152,996	(115,112)
Other changes:			
Gain on forgiveness of Paycheck Protection Program loan	191,408	-	191,408
Total change in net assets	(76,700)	152,996	76,296
Net assets, beginning of year	5,184,402	39,830	5,224,232
Net assets, end of year	\$ 5,107,702	\$ 192,826	\$ 5,300,528

**THE HORSE PARK AT WOODSIDE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended March 31, 2022

	Program Services			Total Program Services	Supporting Services - Management and General	Total Expenses
	Facilities Management and Maintenance	Boarding and Bedding	Horse Events			
Functional expenses:						
Salaries and wages	\$ 422,149	\$ 225,039	\$ 192,519	\$ 839,707	\$ 346,057	\$ 1,185,764
Employee benefits	21,548	11,487	-	33,035	17,664	50,699
Payroll taxes	43,198	18,541	14,810	76,549	35,412	111,961
Total salaries and wages and related expenses	486,895	255,067	207,329	949,291	399,133	1,348,424
Ground expenses	503,619	-	-	503,619	-	503,619
Bedding and feed	-	197,334	69,221	266,555	-	266,555
Professional services	80,003	-	17,074	97,077	36,759	133,836
Horse show	-	-	346,566	346,566	-	346,566
Boarding	-	130,766	-	130,766	-	130,766
Utilities	122,438	-	67,724	190,162	-	190,162
Rent	-	-	-	-	95,108	95,108
Insurance	75,476	-	-	75,476	14,860	90,336
Equipment repairs and maintenance	95,234	-	-	95,234	-	95,234
Administrative	-	-	-	-	55,260	55,260
Bank fees	-	-	-	-	11,464	11,464
Miscellaneous	-	-	-	-	59,514	59,514
Total expenses before depreciation	1,363,665	583,167	707,914	2,654,746	672,098	3,326,844
Depreciation	204,658	87,521	106,243	398,422	100,868	499,290
Total program and supporting services expenses	<u>\$ 1,568,323</u>	<u>\$ 670,688</u>	<u>\$ 814,157</u>	<u>\$ 3,053,168</u>	<u>\$ 772,966</u>	<u>\$ 3,826,134</u>

# THE HORSE PARK AT WOODSIDE

## STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

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Cash flows from operating activities:	
Change in net assets	\$ 76,296
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation of property and equipment	499,291
Realized gain on sale of investments	(144,469)
Unrealized gain on fair value of investments	(27,369)
Forgiveness of Paycheck Protection Program loan	(191,382)
(Increase) decrease in operating assets:	
Accounts receivable	(4,071)
Lease deposits and other assets	(25,000)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	50,839
Deferred revenue	20,285
Net cash provided by operating activities	<u>254,420</u>
Cash flows from investing activities:	
Purchases of property and equipment	(150,014)
Proceeds from sale of investments	348,249
Purchase of investments	<u>(327,215)</u>
Net cash used in investing activities	<u>(128,980)</u>
Cash flows from financing activities:	
Payments on capital lease obligations	<u>(48,070)</u>
Net cash used in financing activities	<u>(48,070)</u>
Net increase in cash and cash equivalents	77,370
Cash and cash equivalents, beginning of year	<u>409,383</u>
Cash and cash equivalents, end of year	<u>\$ 486,753</u>

### Supplemental Disclosure of Cash Flow Information

Accounting Policy - The Organization considers all highly paid liquid investments with a maturity date of three months or less when purchased to be "cash equivalents."

# THE HORSE PARK AT WOODSIDE

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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### 1. Business Description and Summary of Significant Accounting Policies

#### ***The Organization***

The Horse Park at Woodside (the "Organization") is a beautiful 272 acre equestrian facility in the heart of the San Francisco Bay Area that offers low cost memberships for horse riding and training, and for dog walking. The Organization provides opportunities for educational, recreational and competitive activities in a variety of equestrian disciplines that encourage the growth and development of youth and adults. The Organization is committed to: thoughtful stewardship of the land; providing broad access to land appropriate to equestrian use; adding value in the community; and other activities compatible with equestrian uses.

#### ***Nature of Activities***

The following three programs are included in the accompanying financial statements:

- **Facilities Management and Maintenance** – The Organization resides on 272 acres of land that is leased from Stanford University. The Organization has nine different arenas that are used with various equine disciplines by members, boarders and exhibitors during the horse show season. In addition, the Organization has a large cross-country course. All of these facilities require ongoing maintenance. As part of our mission as a non-profit, the Organization provides multiple equine educational opportunities and has extensive land stewardship programs for erosion control, native plant restoration, and beautification efforts to help steward its extensive land and equestrian courses. In addition to these activities, the Organization also has management staff that handles all of the financial and operational aspects.
- **Boarding and Bedding** – The Organization is also home to almost 120 horses that board here year round in either a barn stall or in the pasture. These horses are fed twice a day and have their barn stalls cleaned once a day. Horse facilities do require ongoing maintenance to ensure the safety of the horses. The Organization has minor revenues associated with the sale of hay and bedding to the boarders.
- **Horse Events** – On an annual basis, the Organization also is the site for over seven major horse shows plus numerous smaller and schooling horse shows. These shows are organized and run by outside organizations that pay rental and service fees to use the facilities including the arenas, the temporary stabling, and the cross-country course. All of these shows operate under specific agreements.

#### ***Basis of Accounting***

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### ***Basis of Presentation***

Net assets are classified based on the existence or absence of donor imposed restrictions. Accordingly, the Organization classified its net assets and changes in net assets as follows:

# THE HORSE PARK AT WOODSIDE

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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### 1. Business Description and Summary of Significant Accounting Policies, continued

#### ***Basis of Presentation***, continued

**Net Assets Without Donor Restrictions** – Net assets without donor restrictions represent resources available to support the Organization's operations, including previously restricted donor net assets that became available for use by the Organization in accordance with the intentions of donors.

**Net Assets With Donor Restrictions** – Net assets subject to stipulations imposed by donors, and grantors. These include those assets which are subject to a contributor's restriction and for which the applicable restriction was not yet satisfied as of the end of the current reporting period. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### ***Concentration of Credit Risk***

The Organization maintains its cash and cash equivalents in a commercial checking account, high yield savings account and a money market fund. Periodically throughout the year, cash is maintained at the bank in excess of the insured (FDIC) amount of \$250,000.

#### ***Property and Equipment, Net***

Purchases of property, equipment or improvements costing more than \$1,000 are recorded at cost. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Useful Lives</u>
Buildings	5-39 years
Leasehold improvements	15-39 years
Furniture and equipment	3-7 years

#### ***Investments***

The Organization carries at fair value those investments in marketable securities with readily determinable fair values at fair value. Unrealized gains and losses are included in the change in net assets. The investments are primarily in common stock which have a readily determinable fair value.

Investment securities are exposed to various risks, such as interest rate, market fluctuations and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in risks in the near term would materially affect fair value and the amounts reported in the statement of financial position and the statement of activities.

#### ***Contributions***

Contribution revenue is recognized when contributions are received. All contributions are considered available for general operations unless specifically restricted by the donor.

# THE HORSE PARK AT WOODSIDE

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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### 1. **Business Description and Summary of Significant Accounting Policies**, continued

#### **Contributions**, continued

The Organization reports contributions as net assets with donor restrictions if such contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

#### **In-kind Contributions**

The Organization records contributions of nonfinancial assets as in-kind contributions. In-kind contributions of nonfinancial assets are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. The Organization does not receive a significant amount of in-kind contributions.

#### **Donated Marketable Securities**

Donated marketable securities are recorded as contributions at their estimated fair values at the date of donation. Included in contribution revenues are donated marketable securities of \$85,316 for the year ended March 31, 2022.

#### **Revenue Recognition**

##### **Program Service Fees**

The Organization recognizes revenue when services are provided to customers in an amount that reflects the consideration to which the Organization expects to be entitled to in exchange for the services.

The Organization determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, a performance obligation is satisfied.

Program service fees include boarding and bedding, horse events and membership fees. Boarding and bedding and horse events only include one performance obligation that is satisfied simultaneously as the customer receives the services at a point in time. Membership fees are recognized over the period of the contract term.

The Organization's contracts do not include highly variable components. The timing of revenue recognition, billings and cash collections can result in billed accounts receivable, unbilled receivables (contract assets), and deferred revenue (contract liabilities).

# THE HORSE PARK AT WOODSIDE

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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### 1. Business Description and Summary of Significant Accounting Policies, continued

#### ***Functional Expense Allocation***

The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents natural classification detail of expenses by function. The major functional expense classifications are program services and supporting services. Program services includes expenses that are directly related to facilities management and maintenance, boarding and bedding or horse events. Supporting services includes activities of the Organization other than program services. Supporting services consists of management and general. Management and general includes expenses for general oversight and management of the Organization, recordkeeping, and budgeting.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to program and supporting services based on actual employee time incurred or on usage of resources. Indirect expenses have been allocated on a basis proportionate to the salary and occupancy expenses recorded for each function as determined by the Organization's management.

#### ***Fair Value Measurement***

Fair value is defined as "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."

U.S. GAAP established a hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair value determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

*Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

*Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

*Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

#### ***Deferred Revenue***

Deferred revenue represents payments received for memberships of individuals whose service period crossed the fiscal year end. Membership terms run on a calendar year and are paid at the time the member signs up for the service. Revenue is recognized over the period of twelve months with amounts not yet earned as of year-end included as deferred revenue.

# THE HORSE PARK AT WOODSIDE

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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### 1. **Business Description and Summary of Significant Accounting Policies**, continued

#### ***Income Taxes***

The Organization is exempt from federal and state income taxes related to revenue received in connection with exempt purposes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and Section 23701(d) of the California Revenue and Tax Code. The Organization qualifies for the charitable contribution deductions under Section 170(c)(2) of the IRC and is classified as an Organization that is not a private foundation under Section 509(a)(1). Income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. The Organization uses the same accounting methods for tax and financial reporting.

U.S. GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. The Organization evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will, more likely than not, be sustained upon examination. As of March 31, 2022, management does not believe the Organization has any uncertain tax positions requiring accrual or disclosure.

The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively. There are no returns under examination as of March 31, 2022.

#### ***Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. Accordingly, actual results could differ from those estimates.

#### ***Change in Accounting Principle***

In fiscal year 2022, the Organization adopted Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)* ("ASU 2020-07"), which requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. ASU 2020-07 also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of ASU 2020-07 did not have a significant impact on the financial statements, since the Organization does not receive a significant amount of in-kind contributions (contributions of nonfinancial assets).

# THE HORSE PARK AT WOODSIDE

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

### 1. Business Description and Summary of Significant Accounting Policies, continued

#### **Recent Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases (Topic 840)* (“ASU 2016-02”), which, along with subsequent amendments, modified lessee accounting guidance under *Topic 840*. ASU 2016-02 requires the Organization to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with terms of more than twelve months. ASU 2016-02 also requires disclosures enabling the users of financial statements to understand the amount, timing and uncertainty of cash flows arising from leases. ASU 2016-02 will become effective for annual periods beginning after December 15, 2021. Currently, the Organization is evaluating the impact of adopting ASU 2016-02 on its financial statements.

### 2. Liquidity and Availability

The Organization had the following financial assets available to meet cash needs for general expenditures within one year as of March 31, 2022:

Cash and cash equivalents	\$	486,753
Accounts receivable		9,879
Investments in marketable securities, at fair value		<u>1,610,983</u>
Total financial assets		2,107,615
Less: net assets with donor restrictions		<u>(192,817)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>1,914,798</u>

The Organization has a goal to maintain financial assets, which consist of cash and investments, on hand to meet 180 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various investments.

### 3. Investments in Marketable Securities, at Fair Value

The following table summarizes the Organization’s financial assets measured at fair value on a recurring basis as of March 31, 2022:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 167,823	\$ -	\$ -	\$ 167,823
Investments - equity securities	<u>1,610,983</u>	<u>-</u>	<u>-</u>	<u>1,610,983</u>
	<u>\$ 1,778,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,778,806</u>

# THE HORSE PARK AT WOODSIDE

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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### 3. Investments in Marketable Securities, at Fair Value, continued

The following summarizes the investment return for the year ended March 31, 2022:

Dividend and interest income, net	\$ 46,535
Realized gain on sale of investments	\$ 144,469
Unrealized gain on fair value of investments	\$ 27,369

### 4. Property and Equipment, Net

Property and equipment, net was summarized as follows as of March 31, 2022:

Leasehold improvements	\$ 6,830,293
Buildings	672,706
Machinery and equipment	504,590
Furniture and fixtures	14,172
	<u>8,021,761</u>
Less: accumulated depreciation	(4,339,719)
Property and equipment, net	<u>\$ 3,682,042</u>

Depreciation expense was \$499,291 for the year ended March 31, 2022.

### 5. Deferred Revenue

The Organization recognizes revenue from memberships over the period of the twelve-month membership term. The performance obligation of delivering park access is simultaneously received and consumed by the member each month. Fees received in advance of the performance obligation each month are recorded as deferred revenue.

The following table provides information about significant changes in deferred revenue liabilities for the year ended March 31, 2022:

Deferred revenue, beginning of year	\$ 218,548
Add: Increase in deferred revenue due to cash received during the year	238,833
Less: Revenue recognized that was included in deferred revenue at the beginning of the year	<u>(218,548)</u>
Deferred revenue, end of year	<u>\$ 238,833</u>

# THE HORSE PARK AT WOODSIDE

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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### 6. Commitments and Contingencies

The occurrence and threat of extraordinary events, including public health concerns such as contagious disease outbreaks, natural disasters, or similar events, may substantially impact the Organization's operations, which may result in a change to future financial performance. Since January 2020, there has been an occurrence and threat of an extraordinary event from the COVID-19 virus epidemic. In March 2020, the epidemic was categorized as a pandemic by the World Health Organization and a National Emergency by the President of the United States. Publicized contagious disease outbreaks may result in challenging operating factors for the Organization; such as cancellation of events, limited capacity for facilities, and facility closures. The Organization continues to monitor local outbreaks and follows applicable federal, state, and local regulations.

#### **Legal Matters**

The Organization may be subject to various litigation and arbitration claims that arise in the ordinary course of business. While it is the opinion of management, after consultation with legal counsel, that the ultimate liability with respect to these actions will not materially affect the Organization's financial position or results of operations, it is not reasonably possible to estimate any potential losses.

#### **Lease**

The Organization leases its facility under an operating lease through September 2032. The lease agreement includes specific provisions that allow the landlord the right to withdraw acreage or terminate the lease with sixty days written notice. The Organization would be required to remove all buildings or improvements and restore the property to its natural condition. The base rent is adjusted annually by the increase in the Consumer Price Index, but not to exceed 5% per year. Rent expense was \$95,108 for the year ended March 31, 2022.

A schedule of future lease commitments under the lease obligation is as follows:

Year ending March 31:	
2023	\$ 99,585
2024	103,785
2025	107,417
2026	111,177
2027 and thereafter	823,223
	<hr/>
	\$ 1,245,187
	<hr/>

#### **Property and Equipment Projects**

The Organization has ongoing projects to expand and improve property and equipment. The total commitment for these projects is approximately \$329,000 as of March 31, 2022.

# THE HORSE PARK AT WOODSIDE

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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### 7. Capital Lease Obligations

A summary of capital lease obligations was as follows as of March 31, 2022:

Kubota tractors, four notes, payable in monthly installments ranging from \$532 to \$1,586, no interest, secured by equipment, due through July 2026.	\$	102,633
Less: current portion		<u>(40,705)</u>
Capital lease obligations, net of current portion	\$	<u>61,928</u>

The aggregate maturities of the capital lease obligations are as follows:

Year ending March 31:		
2023	\$	40,705
2024		23,865
2025		19,033
2026		<u>19,030</u>
	\$	<u>102,633</u>

### 8. Note Payable from Paycheck Protection Program

On March 25, 2021, the Organization received loan proceeds in the amount of \$191,382 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, and rent and utilities, and maintains its payroll levels. The Organization received formal forgiveness of the full amount of the PPP loan on February 17, 2022, at which time the debt was removed and a gain on debt forgiveness was recorded.

### 9. Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of March 31, 2022:

Barn challenge	\$	123,237
Mountain Home Arena renovation and mirrors		44,750
Polo Arena footing		13,800
Aggravator purchase		9,639
Other		<u>1,400</u>
	\$	<u>192,826</u>

# THE HORSE PARK AT WOODSIDE

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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### 9. Net Assets With Donor Restrictions, continued

Net assets released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors were as follows as of March 31, 2022:

Barn challenge	\$	34,770
Mountain Home Arena renovation and mirrors		25,250
Cross Country improvements		24,081
40th Anniversary celebration		22,060
Premier Turn-Out project		8,858
Equipment upgrades		4,132
Jumps and poles		2,000
Drag-N-Fly		2,000
Other capital improvements		37,190
		<hr/>
	\$	<u>160,341</u>

### 10. Major Funding Source and Related Parties

For the year ended March 31, 2022, the Organization had two funding sources that provided support of approximately \$81,000 and \$70,000, which represents 14% and 12%, respectively, of total contributions.

### 11. Subsequent Events

The Organization evaluated subsequent events for recognition and disclosure through September 18, 2023, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since March 31, 2022 that require recognition or disclosure in such financial statements.