

THE HORSE PARK AT WOODSIDE

FINANCIAL STATEMENTS

March 31, 2023



THE HORSE PARK AT WOODSIDE

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INDEPENDENT AUDITOR'S 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, 2023, 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, 2023, 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.

To the Board of Governors of
The Horse Park at Woodside

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

Santa Rosa, California
February 6, 2024

THE HORSE PARK AT WOODSIDE

STATEMENT OF FINANCIAL POSITION

As of March 31, 2023

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 992,273
Accounts receivable	64,316
Total current assets	<u>1,056,589</u>
Property and equipment, net	3,985,064
Investments in marketable securities, at fair value	1,177,832
Lease deposits and other assets	35,770
Right-of-use assets	<u>997,494</u>
Total assets	<u><u>\$ 7,252,749</u></u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable and accrued expenses	\$ 582,643
Deferred revenue	209,731
Current portion of operating lease liabilities	80,237
Long term debt, current	<u>23,865</u>
Total current liabilities	896,476
Non-current liabilities:	
Operating lease liabilities, net of current portion	936,915
Long term debt, net of current portion	<u>37,374</u>
Total liabilities	<u>1,870,765</u>
Net assets:	
Without donor restrictions	5,329,993
With donor restrictions	<u>51,991</u>
Total net assets	<u>5,381,984</u>
Total liabilities and net assets	<u><u>\$ 7,252,749</u></u>

THE HORSE PARK AT WOODSIDE

STATEMENT OF ACTIVITIES

For the year ended March 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:			
Boarding and bedding	\$ 1,426,123	\$ -	\$ 1,426,123
Horse events	1,470,667	-	1,470,667
Membership fees	405,568	-	405,568
Contributions	1,430,305	145,470	1,575,775
Dividend and interest income, net	49,154	-	49,154
Realized gain on sale of investments	212,928	-	212,928
Unrealized loss on fair value of investments	(247,764)	-	(247,764)
Other income	1,956	-	1,956
Sponsorships	2,000	-	2,000
Miscellaneous income	14,077	-	14,077
Total revenue, gains and other support	4,765,014	145,470	4,910,484
Net assets released from restrictions	286,305	(286,305)	-
Total revenue, gains and other support with restrictions satisfied by payments	5,051,319	(140,835)	4,910,484
Expenses:			
Program services:			
Facilities management and maintenance	1,657,428	-	1,657,428
Boarding and bedding	1,017,391	-	1,017,391
Horse events	1,451,935	-	1,451,935
Total program services	4,126,754	-	4,126,754
Supporting services:			
Management and general	702,274	-	702,274
Total supporting services	702,274	-	702,274
Total expenses	4,829,028	-	4,829,028
Change in net assets from operations	222,291	(140,835)	81,456
Total change in net assets	222,291	(140,835)	81,456
Net assets, beginning of year	5,107,702	192,826	5,300,528
Net assets, end of year	\$ 5,329,993	\$ 51,991	\$ 5,381,984

THE HORSE PARK AT WOODSIDE
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended March 31, 2023

	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	\$ 374,362	\$ 293,829	\$ 185,771	\$ 853,962	\$ 354,246	\$ 1,208,208
Employee benefits	19,333	15,174	-	34,507	18,294	52,801
Payroll taxes	41,488	23,398	14,304	79,190	39,259	118,449
Total salaries and wages and related expenses	435,183	332,401	200,075	967,659	411,799	1,379,458
Ground expenses	594,770	163,230	-	758,000	-	758,000
Bedding and feed	-	356,549	50,153	406,702	-	406,702
Professional services	41,134	42,000	194,683	277,817	49,898	327,715
Horse show	-	-	759,842	759,842	-	759,842
Utilities	112,350	-	78,284	190,634	-	190,634
Rent	-	-	-	-	25,113	25,113
Insurance	110,089	-	-	110,089	16,611	126,700
Equipment repairs and maintenance	171,100	4,862	-	175,962	-	175,962
Administrative	-	-	-	-	36,638	36,638
Bank fees	-	-	-	-	22,608	22,608
Miscellaneous	-	-	-	-	57,914	57,914
Total expenses before depreciation and amortization	1,464,626	899,042	1,283,037	3,646,705	620,581	4,267,286
Depreciation and amortization	192,802	118,349	168,898	480,049	81,693	561,742
Total program and supporting services expenses	<u>\$ 1,657,428</u>	<u>\$ 1,017,391</u>	<u>\$ 1,451,935</u>	<u>\$ 4,126,754</u>	<u>\$ 702,274</u>	<u>\$ 4,829,028</u>

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

THE HORSE PARK AT WOODSIDE

STATEMENT OF CASH FLOWS

For the year ended March 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ 81,456
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation of property and equipment	468,615
Realized gain on sale of investments	(212,928)
Unrealized loss on fair value of investments	247,764
Noncash operating lease expense	19,659
(Increase)/decrease in operating assets:	
Accounts receivable	(54,437)
Increase/(decrease) in operating liabilities:	
Accounts payable and accrued expenses	399,211
Deferred revenue	(29,102)
Net cash provided by operating activities	<u>920,238</u>
Cash flows from investing activities:	
Purchases of property and equipment	(771,639)
Proceeds from sale of investments	<u>398,315</u>
Net cash used in investing activities	<u>(373,324)</u>
Cash flows from financing activities:	
Payments on long term debt	<u>(41,394)</u>
Net cash used in financing activities	<u>(41,394)</u>
Net increase in cash and cash equivalents	505,520
Cash and cash equivalents, beginning of year	<u>486,753</u>
Cash and cash equivalents, end of year	<u>\$ 992,273</u>
Supplemental Disclosure of Cash Flow Information:	
Right-of-use assets obtained from lease liability	<u>\$ 1,090,621</u>

THE HORSE PARK AT WOODSIDE

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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:

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.

THE HORSE PARK AT WOODSIDE

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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

Basis of Presentation, continued

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash in the bank, money market accounts, and certificates of deposit accounts with maturities of three months or less to be cash and cash equivalents.

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 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.

THE HORSE PARK AT WOODSIDE

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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

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 \$6,289 for the year ended March 31, 2023.

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).

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.

THE HORSE PARK AT WOODSIDE

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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

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.

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, 2023, 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, 2023.

THE HORSE PARK AT WOODSIDE

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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

Recently Adopted Accounting Standards

Accounting Standards Update 2016-02, 2018-11 and 2019-01 - Leases (Topic 842)

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, Leases, and subsequent amendments to the initial guidance; ASU 2017-13, ASU 2018-10, ASU 2018-11, and ASU 2018-20 (collectively, Topic 842). Topic 842 requires lessees to recognize right-of-use (“ROU”) assets and lease liabilities for operating leases, initially measured at the present value of the lease payments, on the balance sheet. The Organization adopted Topic 842 on April 1, 2022, utilizing an optional transition method, which allowed the recognition of a cumulative effect adjustment to the opening balance of retained earnings on the initial date of adoption and the application of new disclosure requirements beginning in the period of adoption. There was no cumulative effect adjustment to the opening balance of retained earnings upon the adoption of Topic 842.

As a result of adopting Topic 842 effective April 1, 2022, the Organization recorded right-of-use asset, an operating lease liability and disclosures on key information about leasing arrangements. The Organization elected not to restate the comparative period (2022 financial year). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. In addition, the Organization adopted ongoing accounting policies to not recognize ROU assets and lease liabilities for leasing arrangements with terms of less than one year and to not separate lease and non-lease components for all classes of underlying assets.

As of April 1, 2022, the Organization has only one operating lease that is under the scope of Topic 842 and recognized the following:

	<u>Land Lease</u>
Operating lease right-of-use asset	\$1,090,621
Operating lease liability	\$1,090,621

Recent Accounting Pronouncements

FASB ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, and related amendments, replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The new Current Expected Credit Losses (“CECL”) model applies to financial assets at amortized cost, including trade receivables, contract assets and certain off-balance sheet credit exposures, such as loan commitments. The ASU is effective for fiscal years beginning after December 31, 2022. The Organization is currently evaluating the impact of this standard on its financial statements for the fiscal year ending March 31, 2024.

THE HORSE PARK AT WOODSIDE

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

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, 2023:

Cash and cash equivalents	\$	992,273
Accounts receivable		64,316
Investments in marketable securities, at fair value		<u>1,177,832</u>
Total financial assets		2,234,421
Less: Net assets with donor restrictions		<u>(51,991)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>2,182,430</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, 2023:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 695,901	\$ -	\$ -	\$ 695,901
Investments - equity securities	<u>1,177,832</u>	<u>-</u>	<u>-</u>	<u>1,177,832</u>
	<u>\$ 1,873,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,873,733</u>

The following summarizes the investment return for the year ended March 31, 2023:

Dividend and interest income, net	<u>\$ 49,154</u>
Realized gain on sale of investments	<u>\$ 212,928</u>
Unrealized loss on fair value of investments	<u>\$ (247,764)</u>

THE HORSE PARK AT WOODSIDE

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

4. Property and Equipment, Net

Property and equipment, net was summarized as follows as of March 31, 2023:

Leasehold improvements	\$ 6,987,434
Buildings	892,301
Machinery and equipment	554,392
Furniture and fixtures	14,172
Construction in progress	<u>345,102</u>
	8,793,401
Less: accumulated depreciation	<u>(4,808,337)</u>
Property and equipment, net	<u>\$ 3,985,064</u>

Depreciation charge on property and equipment for the year ended March 31, 2023 was \$468,615.

The Organization has ongoing projects to expand and improve property and equipment. The total commitment for these projects is approximately \$843,000 as of March 31, 2023.

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, 2023:

Deferred revenue, beginning of year	\$ 238,833
Add: Increase in deferred revenue due to cash received during the year	209,731
Less: Revenue recognized that was included in deferred revenue at the beginning of the year	<u>(238,833)</u>
Deferred revenue, end of year	<u>\$ 209,731</u>

6. Commitments and Contingencies

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.

Leases

As disclosed in Note 1, the Organization adopted Topic 842, effective April 1, 2022.

The Organization leases its land under an operating lease agreement that expires in September 2032.

As of March 31, 2023, balance of land lease right-of-use asset and lease liabilities are \$997,494 and \$1,017,152, respectively.

THE HORSE PARK AT WOODSIDE

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

6. Commitments and Contingencies

Leases, continued

The rental expense for the year ended March 31, 2023 was \$118,520.

Additional information related to operating leases with lease terms greater than one year, as of March 31, 2023 is as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	<u>\$ 98,862</u>
Weighted-average remaining lease term (in years)	10.5
Weighted-average discount rate	2.40%
Lease liabilities arising from obtaining right-of-use assets	<u>1,090,621</u>

The future minimum lease payments under the operating lease are as follows:

Year ending March 31:	
2024	\$ 103,785
2025	107,417
2026	111,177
2027	115,068
2028	119,096
Thereafter	<u>589,059</u>
Total undiscounted cash flows	1,145,602
Less: present value discount	<u>(128,450)</u>
Operating lease liability	1,017,152
Less: current portion	<u>(80,237)</u>
Operating lease liability, net of current portion	<u>\$ 936,915</u>

7. Long Term Debt

A summary of debt obligations was as follows as of March 31, 2023:

Kubota tractors, four notes, payable in monthly installments ranging from \$635 to \$1,586, no interest, secured by equipment, due through July 2026.	\$ 61,239
Less: current portion	<u>(23,865)</u>
Debt obligations, net of current portion	<u>\$ 37,374</u>

THE HORSE PARK AT WOODSIDE

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

7. Long Term Debt, continued

The aggregate maturities of the debt obligations are as follows:

Year ending March 31:		
2024	\$	23,865
2025		19,033
2026		18,341
		<hr/>
	\$	61,239
		<hr/> <hr/>

8. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of March 31, 2023:

Mountain home	\$	34,750
Aggravator purchase		9,941
Polo arena improvements		6,900
Others		400
		<hr/>
	\$	51,991
		<hr/> <hr/>

Net assets released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors were as follows as of March 31, 2023:

Barn challenge	\$	129,026
Eventing Development Fund		107,164
Mirrors at the dressage court		10,000
Capital improvements		10,000
Core equestrian shed		8,140
Dressage ring		6,225
Shed row replacement barn		5,000
Other improvements		10,750
		<hr/>
	\$	286,305
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9. Major Funding Sources

During the year ended March 31, 2023, the Organization had one funding source that provided support of approximately \$1,000,000 which represents 63.5% of total contributions.

10. Related Parties

Related parties mainly include key management personnel, benefactors, and Board members. During the year ended March 31, 2023, the Organization received contributions from related parties. These contributions were made in the normal course of business operations and were usually in the form of cash. Total contributions from the Board of Governors were \$122,740 for the year ended March 31, 2023.

THE HORSE PARK AT WOODSIDE

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

11. Subsequent Events

The Organization evaluated subsequent events for recognition and disclosure through February 6, 2024, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since March 31, 2023 that require recognition or disclosure in such financial statements.