CHESAPEAKE THERAPEUTIC RIDING, INC.

Financial Statements

December 31, 2023 and 2022

(With Independent Accountant's Review Report)

Independent Accountant's Review Report

The Board of Directors
Chesapeake Therapeutic Riding, Inc.:

I have reviewed the accompanying financial statements of Chesapeake Therapeutic Riding, Inc. (CTR), which comprise the statements of financial position as of December 31, 2023 and 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. A review includes primarily applying analytical procedures to management's financial data and performing inquiries of the organization's 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, I do not express such an opinion.

Management's Responsibilities for the Financial Statements

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

Accountant's Responsibility

My responsibility is to conduct the review in accordance with the Statements of Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA). Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements in order for them to be presented in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of CTR and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my reviews.

Accountant's Conclusion

Based upon my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be presented in accordance with accounting principles generally accepted in the United States of America.

January 14, 2025

CHESAPEAKE THERAPEUTIC RIDING, INC.

Statements of Financial Position

December 31, 2023 and 2022

Assets	2023	2022
Assets:		
Cash	$ 293,329	187,207
Contributions and accounts receivable	554	1,950
Financial assets (note 3)	293,883	189,157
Supplies on hand	–	–
Prepaid expenses	877	396
Livestock	8,300	8,300
Property and equipment, net of accumulated depreciation and amortization of $150,022 in 2023 and $117,082 in 2022 (note 4)	897,632	831,947
Total assets	$1,200,692	1,029,800

Liabilities and Net Assets	2023	2022
Liabilities:		
Line of credit (note 5)	$ –	$ –
Accounts payable and accrued liabilities	11,772	4,433
Payroll withholdings	8,454	7,320
Mortgage payable (note 6)	559,535	571,734
Total liabilities	579,761	583,487
Net assets:		
Without donor restrictions	585,908	363,705
With donor restrictions (note 7)	35,023	82,608
Total net assets	620,931	446,313
Total liabilities and net assets	$1,200,692	1,029,800

See accompanying notes to the financial statements.

CHESAPEAKE THERAPEUTIC RIDING, INC.

Statements of Activities

Years ended December 31, 2023 and 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Changes in net assets:						
Public support and revenues:						
Special event revenues	$ 26,664	-	26,664	16,134	-	16,134
Donor benefit costs (note 8)	6,148	-	6,148	3,746	-	3,746
Net special event revenues	20,516	-	20,516	12,388	-	12,388
Grants and contributions (note 9):						
Financial:						
Governmental agencies	94,162	25,000	119,162	-	25,000	25,000
Foundations, individuals and others	274,748	38,000	312,748	140,137	100,000	240,137
Nonfinancial:						
Contributed materials and services (note 10)	-	-	-	23,979	-	23,979
Program activities	55,890	-	55,890	66,555	-	66,555
Rental, net of direct expenses of $1,222 in 2022	-	-	-	13,800	-	13,800
Investment income	5,765	-	5,765	219	-	219
Other	49,956	-	49,956	9,239	-	9,239
Net assets released from restriction - satisfaction of restrictions	110,585	(110,585)	-	44,992	(44,992)	-
Total public support and revenues	611,622	(47,585)	564,037	311,309	80,008	391,317
Expenses:						
Program services	302,250	-	302,250	283,920	-	283,920
General and administrative	72,247	-	72,247	66,299	-	66,299
Fund raising	14,922	-	14,922	14,602	-	14,602
Total expenses	389,419	-	389,419	364,821	-	364,821
Increases (decreases) in net assets	222,203	(47,585)	174,618	(53,512)	80,008	26,496
Net assets:						
Beginning of year	363,705	82,608	446,313	417,217	2,600	419,817
End of year	$585,908	35,023	620,931	363,705	82,608	446,313

See accompanying notes to the financial statements.

CHESAPEAKE THERAPEUTIC RIDING, INC.

Statements of Functional Expenses

Years ended December 31, 2023 and 2022

	2023				2022			
	Program Services	General and Admini-strative	Fund Raising	Total	Program Services	General And Admini-strative	Fund Raising	Total
Employment costs:								
Salaries and compensation	$145,318	23,288	9,983	178,589	136,518	23,741	10,175	170,434
Payroll taxes	11,541	1,850	793	14,184	10,879	1,892	811	13,582
Employee benefits	18,966	3,039	1,303	23,308	15,318	2,664	1,142	19,124
Total employment costs	175,825	28,177	12,079	216,081	162,715	28,297	12,128	203,140
Occupancy	29,273	9,758	-	39,031	15,813	5,271	-	21,084
Professional fees	31,292	4,081	-	35,373	31,517	2,430	-	33,947
Supplies	10,029	1,724	-	11,753	11,242	2,241	-	13,483
Marketing	-	5,948	2,843	8,791	-	5,227	2,474	7,701
Insurance	6,522	1,633	-	8,155	6,432	1,728	-	8,160
Program	6,138	-	-	6,138	14,816	-	-	14,816
Telephone	2,178	2,177	-	4,355	1,873	1,873	-	3,746
Dues and subscriptions	-	2,560	-	2,560	-	1,889	-	1,889
Travel	-	2,175	-	2,175	-	5,085	-	5,085
Postage and delivery	-	400	-	400	-	675	-	675
Printing	-	-	-	-	-	118	-	118
Depreciation and amortization (note 4)	26,065	6,875	-	32,940	24,270	6,067	-	30,337
Interest (note 6)	14,928	3,732	-	18,660	15,242	3,811	-	19,053
Other	-	3,007	-	3,007	-	1,587	-	1,587
	$302,250	72,247	14,922	389,419	283,920	66,299	14,602	364,821

See accompanying notes to the financial statements.

CHESAPEAKE THERAPEUTIC RIDING, INC.

Statements of Cash Flows

Years ended December 31, 2023 and 2022

	2023	2022
Cash flows provided by (used in) operating activities:		
Increases in net assets	$174,618	26,496
Adjustments to reconcile increases in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	32,940	30,337
Grants and contributions committed toward property and equipment	(98,625)	-
Contributed materials and services related to property	-	(23,979)
(Increases) decrease in assets:		
Contributions and accounts receivable	1,396	(390)
Prepaid expenses	(481)	-
Increases (decrease) in liabilities:		
Accounts payable and accrued liabilities	7,339	(2,369)
Payroll withholdings	1,134	3,112
Net cash provided by operating activities	118,321	33,207
Cash flows from investing activities:		
Payments toward additions to property and equipment	-	(2,851)
Net cash used in investing activities	-	(2,851)
Cash flows from financing activities:		
Payments applied to mortgage payable	(12,199)	(11,806)
Net cash used in financing activities	(12,199)	(11,806)
Net increases in cash	106,122	18,550
Cash:		
Beginning of year	187,207	168,657
End of year	$293,329	187,207

	2023	2022
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 18,660	19,053

See accompanying notes to the financial statements.

(1) Organization and mission

Chesapeake Therapeutic Riding, Inc. (CTR) is organized with the purpose of providing a therapeutic riding program for adults and children who live with diagnosis and disabilities and for other charitable activity. The mission of CTR is to deliver healing and learning to individuals and groups whose bodies and spirits will benefit from the trans-formative connection between people and horses.

CTR was incorporated in the State of Maryland in 2003 and is generally exempt from certain Federal and state income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC).

(2) Summary of significant accounting policies

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

As required by the *Accounting for Contributions Received and Contributions Made* and *Financial Statements of Not-for-Profit Organizations* Topics of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), CTR is to present information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Such classifications are determined upon grantor and donor-imposed restrictions.

Net assets without donor restrictions include net assets that are not subject to externally imposed restrictions; net assets with donor restrictions are subject to externally imposed restrictions that may or will be either satisfied by actions of CTR, the passage of time or are subject to externally imposed restrictions which are permanent in nature.

(2) Summary of significant accounting policies (continued)

Use of estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make periodic estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the amounts estimated and reported upon.

Fair value measurements - The estimated fair values of CTR financial instruments consisting of contributions and accounts receivable and accounts payable are considered by management to approximate their carrying values provided for financial reporting purposes due to either their short-term nature or that such amounts are periodically adjusted to fair value.

Livestock - CTR has numerous horses acquired at varying times. Certain costs associated with their acquisition have been reflected as Livestock in the Statements of Financial Position. At least annually, management evaluates whether such costs have been impaired compared to fair value. As of December 31, 2023 and 2022, management estimates that the fair value of the Livestock on campus is in excess of their respective carrying value.

Property and equipment - Property and equipment used by CTR for operating purposes with an estimated useful life beyond one year are capitalized and are carried at cost, if purchased, or estimated fair value, if contributed, less accumulated depreciation and amortization.

Depreciation and amortization of capitalized property and equipment is provided on a straight-line basis over the estimated useful lives of the assets which is currently estimated to approximate three to five years. When assets are sold, retired or otherwise disposed, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is reflected as an adjustment within operating revenues for the period.

The cost of maintenance and repairs is charged to expense as incurred.

(2) Summary of significant accounting policies (continued):

Public support and revenues - Public support and revenues are recorded as without donor restrictions and with donor restrictions depending on the existence and nature of any donor imposed restrictions, as applicable. Upon the satisfaction of a restriction, net assets with donor restrictions are reclassified from net assets with donor restrictions to net assets without donor restrictions.

Grants and contributions restricted by contracted parties are reported as an increase in net assets without donor restrictions if the expiration or satisfaction of the restriction occurs in the same financial reporting period in which the related revenues are recognized. Restricted grants which are refundable advances until expended are recognized as net assets and revenues without donor restrictions to the extent that expenditures are incurred for the purposes specified by the grantor; the unexpended portion of such refundable advances are generally classified as deferred revenue. Restricted grants with terms that provide for the satisfaction of the entire award objective as a condition is recognized as net assets and revenues upon the complete satisfaction of the terms of the grant award.

Revenue recognition - CTR has adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASU's replaced most existing revenue recognition in the accounting principles generally accepted in the United States of America. The ASU also expended certain required disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with funding sources and consumers. The standard's core principle is that an entity will recognize revenue when the organization transfers the promised goods and or services to its consumers in an amount that reflects the consideration in which the entity expects to be entitled in exchange for those services.

(2) Summary of significant accounting policies (continued):

- Governmental grants and contributions

Governmental and foundation grants are generally considered conditional contributions, recognized as revenue as the initial conditions to CTR are overcome and are determined to be realizable. The principle restrictions thereafter attached to certain of these awards is that CTR must generally incur certain cost in accordance with the Office of Management and Budget's uniform guidance or the respective state's rules and regulations and or to satisfy additional restrictions as may be set forth in the awards prior to such costs being considered to be allowable and or reimbursed.

Revenues derived from costs which have been determined to satisfy the terms of these awards, including the underlying rules and regulations, and which are considered realizable are recognized as unrestricted revenue at that point in time. Awards which have not as yet been satisfied are treated as donor restricted net assets if such funds meet the criteria of contributions set forth as required by the *Financial Statements of Not-for-Profit Organizations* Topics of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), or as deferred revenue, if an advance is specifically subject to refund and future satisfaction is considered less than remote.

- Contract revenues and special events

CTR earns contract revenues based upon agreed fees or events paid throughout the year for certain program services and special events which are generally negotiated with consumers and are considered single performance obligations that are satisfied upon a point in time. For financial reporting purposes, such contract revenues are estimated to be earned and recognized upon the later of the point in time as the services are performed or upon the completion of an event, and the determination of contract realization, depending on the terms of the commitment. The recognition of contract revenues at a point in time at the completion of a service or an event is considered when the organization's performance obligation has been satisfied and the consumer has the present obligation to pay.

(2) Summary of significant accounting policies (continued)

- Contract liabilities

When applicable, contract liabilities are presented in the statements of financial position as deferred revenue and or accounts refundable.

Contributed materials and services - Certain services and volunteers have contributed time to the organization's program and supporting services for which there is no objective method to measure their fair value or may not qualify for accounting recognition pursuant to generally accepted accounting principles. No amounts have been reflected in the financial statements for these contributed services.

Contributed materials and services have been reflected as contributed materials and services revenue and related program expenses or capitalized property in the Statements of Activities and Functional Expenses or assets, where applicable.

Expense allocation - The costs of providing various programs and supporting services have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among program and supporting services benefitted based upon the estimated actual time or resources devoted to the functional category.

Certain supplies on hand as of December 31, 2023 and 2022 have not been reflected in the Statements of Financial Position as there was not a practical manner to estimate the costs of items on hand at that time.

(3) Liquidity and availability of financial assets

The following reflects CTR's financial assets as of the Statement of Financial Position date applicable to meet cash needs within one year, reduced by amounts not available for general use due to current principal payments of mortgage payable and donor-imposed restrictions:

	2023	2022
Financial assets as of December 31,	$293,883	189,157
Less funds not available for general use:		
Current principal payments of mortgage	12,411	12,005
Donor-restricted net assets	35,023	82,608
Financial assets available to meet cash needs for general expenditures within one year	$246,449	94,544

As part of the CTR's liquidity management, the organization continues to raise funds throughout the year pursuant to its programs and mission. Such funding is anticipated to continue at its current level.

(4) Property and equipment

As of December 31, 2023 and 2022, property and equipment consisted of the following:

	Cost or contributed Value		Accumulated depreciation		Estimated useful life - years
	2023	2022	2023	2022	
Land (note 6)	$ 210,000	210,000	-	-	
Buildings (note 6)	688,471	620,955	63,628	47,541	40
Furniture and equipment	118,112	87,003	61,558	45,894	5-10
Riding equipment	28,121	28,121	21,886	20,697	10
Tools	2,950	2,950	2,950	2,950	10
Total	$1,047,654	949,029	150,022	117,082	

(5) Line of Credit

CTR has an available unsecured line of credit (Line) amounting to $25,000. The terms of the Line requires interest to be paid at the rate of 11.75%, continues indefinitely and is subject to periodic reaffirmation. As of December 31, 2023 and 2022, there was no balance outstanding on the Line.

(6) Mortgage payable

CTR has a mortgage payable with a bank. The mortgage requires monthly payments of $2,571 through July, 2051 and requires interest to be at the stated interest rate of 3.25%. As of December 31, 2023, the mortgage is secured by land and building with a net carrying value of $834,843.

Maturities of mortgage principal in each of the next five years ending December 31 and thereafter are as follow:

2024	$ 12,411
2025	12,830
2026	13,264
2027	13,713
2028	14,176
Thereafter	493,141
Total long-term debt payable	$559,535

(7) Net assets with donor restrictions

As of December 31, 2023 and 2022, net assets with donor restrictions consisted of the following:

	2023	2022
Compensation	$ 21,018	-
Capital improvements	14,005	80,008
Future events	-	2,600
Total net assets with donor restrictions	$ 35,023	82,608

(8) Donor benefit costs

For the years ended December 31, 2023 and 2022, donor benefit costs consisted of the following:

	2023	2022
Event production	$ 6,148	2,675
Food and beverage	-	1,071
Total donor benefit costs	$ 6,148	3,746

(9) Concentrations

For the years ended December 31, 2023 and 2022, concentrations of grants and contributions (excluding contributed materials and services) consisted of the following:

	2023	2022
Governmental:		
Federal	$ 62,912	-
State of Maryland	31,250	-
Harford County	25,000	25,000
Total governmental	119,162	25,000
Foundations, individuals and others:		
A	67,292	-
B	30,000	-
C	15,000	10,000
D	10,000	10,000
E	-	100,000
F	-	11,660
Other	190,456	108,477
Total Foundations, individuals and others	312,748	240,137
Total financial contributions	$431,910	265,137

(10) Contributed materials and services

Included in estimated contributed materials and services in 2022 are materials and services provided for certain capitalized building renovations.

(11) Income taxes

The management of CTR has evaluated the organization's tax position relative to FASB ASC 740, *Income Taxes* (which include FASB Interpretation No. 48 (FIN 48) - *Accounting for Uncertainties in Income Tax*) and concluded that CTR has maintained its tax exempt status and has taken no uncertain income tax positions. Accordingly, no provision for income tax has been included in the financial statements.

(12) Evaluation of subsequent events

The management of CTR has evaluated subsequent events through CTR January 14, 2025, the date which the financial statements were available to be issued.