

CHESAPEAKE THERAPEUTIC RIDING, INC.

Financial Statements

December 31, 2024 and 2023

(With Independent Accountant's Review Report)

Leo J. Knighton

Certified Public Accountant

900A South Main Street
Suite 101
Bel Air, Maryland 21014
410-893-7652

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, 2024 and 2023 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and 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 reviews, 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.

A. J. Knighton

January 2, 2026

Statements of Financial Position

December 31, 2024 and 2023

Assets

	<u>2024</u>	<u>2023</u>
Assets:		
Cash	\$ 256,392	293,329
Contributions and accounts receivable, collectible within one year	<u>2,484</u>	<u>554</u>
Financial assets (note 3)	258,876	293,883
Supplies on hand (note 2)	-	-
Prepaid expenses	877	877
Livestock, net of accumulated amortization of \$1,995 in 2024 (note 2)	18,105	8,300
Property and equipment, net of accumulated depreciation and amortization of \$184,659 in 2024 and \$150,022 in 2023 (note 4)	<u>869,295</u>	<u>897,632</u>
Total assets	<u>\$1,147,153</u>	<u>1,200,692</u>

Liabilities and Net Assets

Liabilities:		
Line of credit (note 5)	\$ -	\$ -
Accounts payable and accrued liabilities	4,530	11,772
Payroll and payroll withholdings	15,315	8,454
Mortgage payable (note 6)	546,978	559,535
Security deposit	<u>1,300</u>	<u>-</u>
Total liabilities	<u>568,123</u>	<u>579,761</u>
Net assets:		
Without donor restrictions	566,530	585,908
With donor restrictions (note 7)	<u>12,500</u>	<u>35,023</u>
Total net assets	<u>579,030</u>	<u>620,931</u>
Total liabilities and net assets	<u>\$1,147,153</u>	<u>1,200,692</u>

See accompanying notes to the financial statements.

Statements of Activities

Years ended December 31, 2024 and 2023

	2024		2023			
	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	\$ 24,130	-	24,130	26,664	-	26,664
Donor benefit costs (note 8)	<u>2,890</u>	<u>-</u>	<u>2,890</u>	<u>6,148</u>	<u>-</u>	<u>6,148</u>
Net special event revenues	21,240	-	21,240	20,516	-	20,516
Grants and contributions (note 9):						
Governmental agencies	191,792	25,000	216,792	94,162	25,000	119,162
Foundations, individuals and others	130,931	-	130,931	274,748	38,000	312,748
Program activities	77,362	-	77,362	55,890	-	55,890
Rental	6,241	-	6,241	-	-	-
Investment income	1,945	-	1,945	5,765	-	5,765
Other	1,313	-	1,313	49,956	-	49,956
Net assets released from restriction						
- satisfaction of restrictions	<u>47,523</u>	<u>(47,523)</u>	<u>-</u>	<u>110,585</u>	<u>(110,585)</u>	<u>-</u>
Total public support and revenues	<u>478,347</u>	<u>(22,523)</u>	<u>455,824</u>	<u>611,622</u>	<u>(47,585)</u>	<u>564,037</u>
Expenses:						
Program services	400,145	-	400,145	302,250	-	302,250
General and administrative	78,599	-	78,599	72,247	-	72,247
Fund raising	<u>18,981</u>	<u>-</u>	<u>18,981</u>	<u>14,922</u>	<u>-</u>	<u>14,922</u>
Total expenses	<u>497,725</u>	<u>-</u>	<u>497,725</u>	<u>389,419</u>	<u>-</u>	<u>389,419</u>
Increases (decreases) in net assets	(19,378)	(22,523)	(41,901)	222,203	(47,585)	174,618
Net assets:						
Beginning of year	<u>585,908</u>	<u>35,023</u>	<u>620,931</u>	<u>363,705</u>	<u>82,608</u>	<u>446,313</u>
End of year	<u>\$566,530</u>	<u>12,500</u>	<u>579,030</u>	<u>585,908</u>	<u>35,023</u>	<u>620,931</u>

See accompanying notes to the financial statements.

CHESAPEAKE THERAPEUTIC RIDING, INC.

Statements of Functional Expenses

Years ended December 31, 2024 and 2023

	2024			2023		
	Program Services	General and Admini- strative	Fund Raising	Program Services	General And Admini- strative	Fund Raising
						<u>Total</u>
Employment costs:						
Salaries and compensation	\$215,320	30,320	12,995	145,318	23,288	9,983
Payroll taxes	18,533	2,610	1,118	11,541	1,850	793
Employee benefits	<u>26,847</u>	<u>3,780</u>	<u>1,620</u>	<u>18,966</u>	<u>3,039</u>	<u>1,303</u>
Total employment costs	260,700	36,710	15,733	175,825	28,177	12,079
Professional fees						
Supplies	52,500	8,991	-	31,292	4,081	-
Occupancy	18,828	2,461	-	10,029	1,724	-
Insurance	10,083	3,361	-	29,273	9,758	-
Marketing	6,259	1,080	-	6,522	1,633	-
Program	-	2,786	3,248	-	5,948	2,843
Travel	5,282	-	-	6,138	-	-
Telephone	-	4,621	-	-	2,175	-
Dues and subscriptions	2,094	2,094	-	2,178	2,177	-
Postage and delivery	-	3,662	-	-	2,560	-
Printing	-	341	-	-	400	-
Depreciation and amortization	-	125	-	-	-	-
Property (note 4)	27,762	6,875	-	26,065	6,875	-
Livestock (note 2)	1,995	-	-	-	-	-
Interest (note 6)	14,642	3,660	-	14,928	3,732	-
Other	<u>-</u>	<u>1,832</u>	<u>-</u>	<u>-</u>	<u>3,007</u>	<u>-</u>
	\$400,145	78,599	18,981	302,250	72,247	14,922
						<u>389,419</u>

See accompanying notes to the financial statements.

Statements of Cash Flows

Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows provided by (used in) operating activities:		
Increase (decrease) in net assets	\$ (41,901)	174,618
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	36,632	32,940
Grants and contributions committed toward property and equipment	-	(98,625)
(Increases) decrease in assets:		
Contributions and accounts receivable	(1,930)	1,396
Prepaid expenses	-	(481)
Increases (decrease) in liabilities:		
Accounts payable and accrued liabilities	(7,242)	7,339
Payroll and payroll withholdings	<u>6,861</u>	<u>1,134</u>
Net cash provided by (used in) operating activities	<u>(7,580)</u>	<u>118,321</u>
Cash flows from investing activities:		
Payments toward additional Livestock	(11,800)	-
Payments toward additions to property and equipment	<u>(6,300)</u>	<u>-</u>
Net cash used in investing activities	<u>(18,100)</u>	<u>-</u>
Cash flows from financing activities:		
Payments applied to mortgage payable	(12,557)	(12,199)
Increase in security deposit	<u>1,300</u>	<u>-</u>
Net cash used in financing activities	<u>(11,257)</u>	<u>(12,199)</u>
Net increase (decrease) in cash	(36,937)	106,122
Cash:		
Beginning of year	<u>293,329</u>	<u>187,207</u>
End of year	<u>\$256,392</u>	<u>293,329</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ 18,302</u>	<u>18,660</u>

See accompanying notes to the financial statements.

Notes to the Financial Statements

December 31, 2024 and 2023

(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.

Notes to the Financial Statements

(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, 2024 and 2023, management estimates that the fair value of the Livestock on campus is in excess of their respective carrying values.

Effective January 1, 2024, management has also adopted a policy of amortizing the asset Livestock over a five and ten year period in order to improve the estimation of the imputed annual costs incurred for the acquisition of such livestock and to reduce any significant impairment costs in any one period going forward. Management also believes that the change does not have a material affect to the 2023 Statements of Financial position, Activities and Functional Expenses.

Notes to the Financial Statements

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

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 are provided on a straight-line basis over the estimated useful lives of the assets which are 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.

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.

Notes to the Financial Statements

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

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.

- 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.

Notes to the Financial Statements

(2) Summary of significant accounting policies (continued)

- 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.

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

Notes to the Financial Statements

(2) Summary of significant accounting policies (continued)

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, 2024 and 2023 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 dates 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 of net assets:

	<u>2024</u>	<u>2023</u>
Financial assets as of December 31,	\$258,876	293,883
Less funds not available for general use:		
Current principal payments of mortgage	13,307	12,411
Donor-restricted net assets	<u>12,500</u>	<u>35,023</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$233,069</u>	<u>246,449</u>

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.

Notes to the Financial Statements

(4) Property and equipment

As of December 31, 2024 and 2023, property and equipment consisted of the following:

	Cost or contributed Value		Accumulated depreciation		Estimated useful life - years
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	
Land (note 6)	\$ 210,000	210,000	-	-	
Buildings and improvements (note 6)	692,658	688,471	81,258	63,628	40
Furniture and equipment	120,225	118,112	77,375	61,558	5-10
Riding equipment	28,121	28,121	23,076	21,886	10
Tools	<u>2,950</u>	<u>2,950</u>	<u>2,950</u>	<u>2,950</u>	10
Total	<u>\$1,053,954</u>	<u>1,047,654</u>	<u>184,659</u>	<u>150,022</u>	

(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, 2024 and 2023, there were no balances 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 at the stated interest rate of 3.25%. As of December 31, 2024, the mortgage is secured by land and building with a net carrying value of \$632,400.

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

2025	\$ 13,307
2026	13,745
2027	14,198
2028	14,666
2029	15,149
Thereafter	<u>475,913</u>
Total long-term debt payable	<u>\$546,978</u>

Notes to the Financial Statements

(7) Net assets with donor restrictions

As of December 31, 2024 and 2023, the nature of the restrictions for net assets with donor restrictions consisted of the following:

	<u>2024</u>	<u>2023</u>
Capital improvements	\$12,500	14,005
Compensation	<u>-</u>	<u>21,018</u>
Total net assets with donor restrictions	<u>\$12,500</u>	<u>35,023</u>

(8) Donor benefit costs

For the years ended December 31, 2024 and 2023, donor benefit costs consisted of the following:

Event production	\$ <u>2,890</u>	<u>6,148</u>
Total donor benefit costs	\$ <u>2,890</u>	<u>6,148</u>

Notes to the Financial Statements

(9) Concentrations

For the years ended December 31, 2024 and 2023, concentrations of grants and contributions (excluding contributed materials and services) consisted of the following:

	<u>2024</u>	<u>2023</u>
Governmental:		
Federal	\$ 93,792	62,912
State of Maryland	98,000	31,250
Harford County	<u>25,000</u>	<u>25,000</u>
Total governmental	<u>216,792</u>	<u>119,162</u>
Foundations, individuals and others:		
A	30,000	30,000
B	16,000	15,000
C	10,727	2,480
D	10,000	10,000
E	10,000	-
F	3,000	12,000
G	-	67,292
H	-	48,796
I	-	13,389
J	-	10,000
K	-	10,000
Other	<u>51,204</u>	<u>93,791</u>
Total Foundations, individuals and others	<u>130,931</u>	<u>312,748</u>
Total financial contributions	<u>\$347,723</u>	<u>431,910</u>

(10) 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.

(11) Evaluation of subsequent events

The management of CTR has evaluated subsequent events through CTR January 2, 2026, the date which the financial statements were available to be issued.