

MARYLAND THERAPEUTIC RIDING, INC.

FINANCIAL STATEMENTS

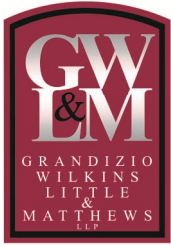
DECEMBER 31, 2022 AND 2021

MARYLAND THERAPEUTIC RIDING, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Maryland Therapeutic Riding, Inc.
Crownsville, Maryland

Opinion

We have audited the financial statements of Maryland Therapeutic Riding, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Maryland Therapeutic Riding, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Maryland Therapeutic Riding, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 accounting principles generally accepted in the United States of America, 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 Maryland Therapeutic Riding, Inc.'s ability to continue as a going concern for one (1) year after the date that the financial statements are issued.

Maryland Therapeutic Riding, Inc.

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 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 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 Maryland Therapeutic Riding, Inc.'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 Maryland Therapeutic Riding, Inc.'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.

Grandizio, Wilkins, Little & Matthews, LLP

Grandizio, Wilkins, Little & Matthews, LLP
August 29, 2023

MARYLAND THERAPEUTIC RIDING, INC.
STATEMENTS OF FINANCIAL POSITION

December 31,	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 347,367	\$ 788,067
Grant Receivable	-	10,000
Investments	402,775	232,466
TOTAL CURRENT ASSETS	750,142	1,030,533
FIXED ASSETS		
Net of Accumulated Depreciation of \$599,183 and \$517,203, Respectively	1,660,030	1,663,462
TOTAL ASSETS	\$ 2,410,172	\$ 2,693,995

The independent auditors' report and the accompanying notes
are an integral part of these financial statements.

MARYLAND THERAPEUTIC RIDING, INC.
STATEMENTS OF FINANCIAL POSITION

December 31,	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 7,234	\$ 4,561
Accrued Payroll	3,500	3,500
Notes Payable	-	34,803
	<u>10,734</u>	<u>42,864</u>
TOTAL CURRENT LIABILITIES	10,734	42,864
LONG-TERM LIABILITIES		
Notes Payable - Long-Term	-	461,276
	<u>-</u>	<u>461,276</u>
TOTAL LIABILITIES	10,734	504,140
NET ASSETS		
Without Donor Restrictions	2,257,941	1,836,493
With Donor Restrictions	141,497	353,362
	<u>2,399,438</u>	<u>2,189,855</u>
TOTAL NET ASSETS	2,399,438	2,189,855
TOTAL LIABILITIES AND NET ASSETS	\$ 2,410,172	\$ 2,693,995

The independent auditors' report and the accompanying notes
are an integral part of these financial statements.

MARYLAND THERAPEUTIC RIDING, INC.
STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 548,212	\$ 55,685	\$ 603,897
In-Kind Contributions	35,563	-	35,563
Therapeutic Riding Lessons	349,953	-	349,953
Special Events Revenue	283,099	-	283,099
Less: Special Events Costs of Direct Benefits to Donors	(130,534)	-	(130,534)
Other Revenue	1,667	-	1,667
Gain (Loss) on Disposal of Fixed Assets	(19,281)	-	(19,281)
Investment Return, Net	(43,444)	-	(43,444)
TOTAL SUPPORT AND REVENUES	1,025,235	55,685	1,080,920
Net Assets Released from Restrictions (Satisfaction of Program Restrictions)	267,550	(267,550)	-
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	1,292,785	(211,865)	1,080,920
EXPENSES			
Program Services	806,511	-	806,511
Management and General	52,024	-	52,024
Fundraising	12,802	-	12,802
TOTAL EXPENSES	871,337	-	871,337
CHANGE IN NET ASSETS	421,448	(211,865)	209,583
Net Assets - Beginning of Year	1,836,493	353,362	2,189,855
NET ASSETS - END OF YEAR	\$ 2,257,941	\$ 141,497	\$ 2,399,438

The independent auditors' report and the accompanying notes
are an integral part of these financial statements.

MARYLAND THERAPEUTIC RIDING, INC.
STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	\$ 290,340	\$ 268,133	\$ 558,473
In-Kind Contributions	18,787	-	18,787
Therapeutic Riding Lessons	234,929	-	234,929
Special Events Revenue	176,101	-	176,101
Less: Special Events Costs of Direct Benefits to Donors	(24,785)	-	(24,785)
Gain (Loss) on Disposal of Fixed Assets	(14,447)	-	(14,447)
Investment Return, Net	22,953	-	22,953
TOTAL SUPPORT AND REVENUES	703,878	268,133	972,011
Net Assets Released from Restrictions (Satisfaction of Program Restrictions)	84,910	(84,910)	-
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	788,788	183,223	972,011
EXPENSES			
Program Services	625,576	-	625,576
Management and General	41,153	-	41,153
Fundraising	10,576	-	10,576
TOTAL EXPENSES	677,305	-	677,305
CHANGE IN NET ASSETS	111,483	183,223	294,706
Net Assets - Beginning of Year	1,725,010	170,139	1,895,149
NET ASSETS - END OF YEAR	\$ 1,836,493	\$ 353,362	\$ 2,189,855

The independent auditors' report and the accompanying notes
are an integral part of these financial statements.

MARYLAND THERAPEUTIC RIDING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 8,085	\$ 173	\$ 190	\$ 8,448
Awards and Recognition	5,001	-	-	5,001
Bank Charges	191	-	43	234
Computer/IT	9,570	946	-	10,516
Contract Labor	21,696	-	-	21,696
Derby Day Expenses	-	-	130,534	130,534
Depreciation	78,024	4,408	-	82,432
Donor Development and Management	2,671	-	471	3,142
Dues, Subscriptions and Membership	6,769	-	-	6,769
Development Travel and Entertainment	8,184	-	-	8,184
Education and Training	13,577	-	-	13,577
Employee Benefits	15,442	6,628	1,182	23,252
Equipment Rental and Maintenance	-	2,988	-	2,988
Horse Maintenance	66,512	-	-	66,512
In-Kind Expenses	35,563	-	-	35,563
Insurance	27,226	1,447	357	29,030
Interest Expense	7,188	-	-	7,188
Meals and Entertainment	8,562	618	618	9,798
Miscellaneous Expense	9,816	375	2,453	12,644
Office	21,622	-	-	21,622
Payroll Services	6,708	-	-	6,708
Postage and Printing	2,854	-	-	2,854
Professional Fees	29,872	-	578	30,450
Program Events	22,300	-	-	22,300
Rentals	3,309	-	-	3,309
Repairs and Maintenance	25,694	1,677	559	27,930
Salaries and Payroll Taxes	336,951	31,688	5,203	373,842
Supplies	10,801	-	-	10,801
Utilities	17,460	1,076	1,148	19,684
Vehicle Expense	4,863	-	-	4,863
TOTAL EXPENSES	806,511	52,024	143,336	1,001,871
Less: Special Events Expenses Included with Revenue in the Statements of Activities	-	-	(130,534)	(130,534)
TOTAL EXPENSES REPORTED ON THE STATEMENTS OF ACTIVITIES	\$ 806,511	\$ 52,024	\$ 12,802	\$ 871,337

The independent auditors' report and the accompanying notes
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MARYLAND THERAPEUTIC RIDING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Advertising	\$ 8,381	\$ 180	\$ 196	\$ 8,757
Awards and Recognition	2,523	-	-	2,523
Bad Debt	3,093	-	-	3,093
Bank Charges	313	-	70	383
Computer/IT	5,977	591	-	6,568
Contract Labor	775	-	-	775
Derby Day Expenses	-	-	24,785	24,785
Depreciation	68,209	3,854	-	72,063
Donor Development and Management	609	-	107	716
Dues, Subscriptions and Membership	5,684	-	-	5,684
Education and Training	3,386	-	-	3,386
Employee Benefits	7,780	3,339	596	11,715
Equipment Rental and Maintenance	-	2,164	-	2,164
Horse Maintenance	66,252	-	-	66,252
In-Kind Expenses	3,787	-	-	3,787
Insurance	16,976	902	223	18,101
Interest Expense	17,742	-	-	17,742
Meals and Entertainment	4,033	291	291	4,615
Miscellaneous Expense	10,802	413	2,699	13,914
Office	10,537	-	-	10,537
Payroll Services	6,709	-	-	6,709
Postage and Printing	1,550	-	-	1,550
Professional Fees	18,443	-	357	18,800
Program Events	24,858	-	-	24,858
Rentals	2,859	-	-	2,859
Repairs and Maintenance	16,933	1,105	369	18,407
Salaries and Payroll Taxes	289,068	27,185	4,464	320,717
Supplies	7,228	-	-	7,228
Utilities	18,318	1,129	1,204	20,651
Vehicle Expense	2,751	-	-	2,751
TOTAL EXPENSES	625,576	41,153	35,361	702,090
Less: Special Events Expenses Included with Revenue in the Statements of Activities	-	-	(24,785)	(24,785)
TOTAL EXPENSES REPORTED ON THE STATEMENTS OF ACTIVITIES	\$ 625,576	\$ 41,153	\$ 10,576	\$ 677,305

The independent auditors' report and the accompanying notes
are an integral part of these financial statements.

MARYLAND THERAPEUTIC RIDING, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended December 31,	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions and Other Support	\$ 1,273,604	\$ 1,020,559
Cash Paid to Providers and Support Services	(874,015)	(624,660)
Interest Paid	(7,188)	(17,742)
	<u>392,401</u>	<u>378,157</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(264,531)	(40,232)
Proceeds from Sale of Investments	25,790	19,885
Purchases of Fixed Assets	(98,281)	(40,553)
	<u>(337,022)</u>	<u>(60,900)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on Notes Payable	(496,079)	(33,434)
	<u>(496,079)</u>	<u>(33,434)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(440,700)	283,823
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>788,067</u>	<u>504,244</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 347,367</u>	<u>\$ 788,067</u>
Cash and Cash Equivalents	\$ 269,413	\$ 532,758
Restricted Cash and Cash Equivalents	<u>77,954</u>	<u>255,309</u>
TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 347,367</u>	<u>\$ 788,067</u>

The independent auditors' report and the accompanying notes
are an integral part of these financial statements.

MARYLAND THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

Note 1: Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Maryland Therapeutic Riding, Inc. (the Organization), was organized on April 4, 1997 for the purpose of providing physical, psychological and social rehabilitation to special needs individuals through the use of therapeutic horseback riding. MTR is supported primarily through donations, special events, and ridership revenue.

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Cash, Cash Equivalents, and Restricted Cash

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an initial maturity of three (3) months or less to be cash equivalents. Cash and restricted cash includes amounts in an operating cash account and a restricted cash account.

Investments and Investment Return

Investments in marketable securities with readily determinable fair values are carried at fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on investments carried at fair value. Unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Revenue Recognition

The Organization reports grants and contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the time period or manner of use of the grant or contribution. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Organization adopted Accounting Standards Codification (ASC) 606 for revenue recognition purposes. Under Accounting Standards Codification (ASC) 606, recognition of revenue related to non-contributions requires evidence of a contract, probable collection of proceeds and completion of performance obligations. Revenue is recognized as a point in time when services are performed. Payments for riding lessons received prior to the service provided are recognized as deferred revenue on the statements of financial position.

Accounts Receivable

Accounts receivable are carried at the invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts. All accounts receivable balances are deemed to be collectible by management at December 31, 2022. Therefore, no allowance for doubtful accounts has been established. The balance of accounts receivable as of January 1, 2021 was \$8,197.

MARYLAND THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

**Note 1: Nature of Organization and Summary of Significant Accounting Policies
(Continued)**

Fixed Assets and Depreciation

The Organization capitalizes property and equipment over \$300. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five (5) to forty (40) years.

Income Taxes

The Organization is exempt from federal and state taxation under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation.

The Organization's evaluation on December 31, 2022 revealed no uncertain tax positions that would have a material impact on the financial statements. The previous three (3) tax years remain subject to examination by the IRS. The Organization does not believe that any reasonably possible changes will occur within the next twelve (12) months that will have a material impact on the financial statements.

Special Events Revenue

Net special events revenue from ticket sales and sponsorship of fundraising events is recognized as revenue in the period in which the events are held. The costs of direct benefits to attendees such as food, beverages and entertainment are deducted from gross revenues.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent 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 those estimates.

Functional Allocation of Expenses

Expenses are charged directly to program, management and general, or fundraising categories based on specific identification, when determinable. A reasonable allocation is made for costs not specifically identifiable.

Advertising Expenses

Advertising expenses are charged to operations when incurred. Expenses were \$8,448 and \$8,757 for the years ended December 31, 2022 and 2021, respectively.

MARYLAND THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

**Note 1: Nature of Organization and Summary of Significant Accounting Policies
(Continued)**

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Grant Receivable

Unconditional grants are recognized when awarded. Conditional grants are recorded when such conditions are met. All grants are deemed collectible by management. Therefore, an allowance for doubtful accounts has not been established.

Contributed Services

The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in carrying out its mission, but these services do not meet the criteria for financial reporting recognition as contributed services.

FASB ASC No. 360

Statement of Financial Accounting Standards Codification (FASB) ASC No. 360 requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Application of FASB ASC No. 360 has not materially affected the Organization's reported earnings, financial condition or cash flows.

Adoption of New Accounting Pronouncement

The Organization adopted Accounting Standards Update 2016-02 (as amended), Leases (Topic 842) on January 1, 2022 (Adoption Date). Additionally, the Organization elected and applied the following practical expedients on the Adoption Date:

The package of practical expedients permits the Organization to not reassess (i) the lease classification of existing leases; (ii) whether existing leases and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

The Organization has elected not to apply the recognition requirements of ASC 842 to all short-term leases, defined as leases with a term of twelve (12) months or less at commencement.

The Organization elected to adopt the Accounting Standards Update using the modified retrospective method as of January 1, 2022. Adoption of Topic 842 did not result in adjustments to the financial statements.

Date of Management Review

The Organization has evaluated events and transactions that occurred during the period from the date of the financial statements through August 29, 2023, the date the Organization's financial statements were available to be issued. There were no events or transactions that occurred during the period that materially impacted the amounts or disclosures in the Organization's financial statements.

MARYLAND THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

Note 2: Fixed Assets

The following is a summary of fixed assets at December 31:

	Estimated Lives	2022	2021
Transportation and Equipment	7 - 10 Years	\$ 36,568	\$ 36,568
Equipment	5 - 10 Years	158,901	117,356
Capital Improvements	5 - 40 Years	1,491,490	1,459,737
Land	-	536,704	536,704
Horses	7-10 Years	35,550	30,300
Total		2,259,213	2,180,665
Less: Accumulated Depreciation		(599,183)	(517,203)
NET FIXED ASSETS		<u>\$ 1,660,030</u>	<u>\$ 1,663,462</u>

Depreciation expense for the years ended December 31, 2022 and 2021 amounted to \$82,432 and \$72,063, respectively.

Note 3: Line-of-Credit

On December 31, 2014, the Organization entered into a business equity line note (note) in the amount of \$250,000. The note is secured by land and facilities. The interest rate is the Wall Street Journal Prime Rate, minimum four percent (4%) (effective rate was seven and one-half percent [7.5%] and four percent [4%] at December 31, 2022 and 2021, respectively). The note is interest only payments and matured on March 25, 2020. On March 6, 2020, the Organization entered into a modification agreement for the line-of-credit. The limit was reduced to \$100,000 and the maturity of the note was extended to March 6, 2025. The Organization had \$-0- outstanding on this note as of December 31, 2022 and 2021.

MARYLAND THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

Note 4: Notes Payable

At December 31, 2022 and 2021, the installment notes payable consisted of the following:

Note Payable To	Interest Rate	2022 Principal Balance	2021 Principal Balance	Collateral	Maturity Date
First Citizens Bank & Trust Company	3.45%	\$ -	\$ 496,079	Land, Other Assets	3/6/2035
Less: Current Portion of Long-Term Debt		<u>-</u>	<u>(34,803)</u>		
TOTAL LONG-TERM DEBT		<u><u>\$ -</u></u>	<u><u>\$ 461,276</u></u>		

This note payable has a repayment schedule based on a fifteen (15) year amortization table resulting with a balloon payment in 2020. On March 6, 2020, the Organization entered into a Note Modification Agreement with First Citizens Bank & Trust Company. Under the terms of the new agreement, the note payable bears an interest rate of 3.45% and matures on March 6, 2035. Commencing on April 6, 2020, the Organization will make monthly principal and interest payments in the amount of \$3,931. During 2022 the note payable was paid off in full.

Note 5: Concentrations of Credit Risk

The Organization, at various times during the year, maintained a cash balance in one (1) financial institution in excess of \$250,000, the limit of federal insurance. The Organization has not experienced any losses in such account and believes it is not exposed to any significant risk on cash balances.

Note 6: Contributed Goods

In 2022, the Organization received miscellaneous in-kind contributions in the amount of \$35,563. These contributions were used for program purposes and were fully expensed in the year ended December 31, 2022.

In 2021, the Organization received miscellaneous in-kind contributions in the amount of \$18,787. Of that, \$15,000 were capitalized as fixed assets in the year ended December 31, 2021. The remaining contributions of \$3,787 were used for program purposes and were fully expensed in the year ended December 31, 2021.

MARYLAND THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

Note 7: Net Assets With Donor Restrictions

The following are the net assets with donor restrictions and their purposes at December 31:

	<u>2022</u>	<u>2021</u>
Fencing	\$ 10,000	\$ 10,000
Horse Acquisition	5,750	11,000
Horse Emergency	56,307	27,653
Mortgage Campaign	-	216,092
Pavilion Project	-	21,000
Youth and Military Riding Scholarships	69,440	66,597
Workshop	<u>-</u>	<u>1,020</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 141,497</u>	<u>\$ 353,362</u>

Note 8: Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The following amounts were released from restrictions for the year ended December 31:

	<u>2022</u>	<u>2021</u>
Horse Acquisition	\$ 5,250	\$ -
Pavilion Project	21,000	-
Mortgage Campaign	216,092	51,176
Youth and Military Riding Scholarships	24,188	33,734
Workshop	<u>1,020</u>	<u>-</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 267,550</u>	<u>\$ 84,910</u>

MARYLAND THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

Note 9: Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three (3) levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Fair Value Measurements

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Fair Value Measurements

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurements

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Money Market Funds: Valued at cost, which approximates fair value.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Stocks and Exchange Traded Funds: Securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation.

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Note 9: Fair Value Measurements (Continued)

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis are as follows:

DECEMBER 31, 2022

Description	Fair Value	Level 1
Stocks	\$ 24,014	\$ 24,014
Exchange Traded Funds	142,697	142,697
Money Market Funds	70,835	70,835
Mutual Funds	165,229	165,229
	<hr/>	<hr/>
TOTAL	<u>\$ 402,775</u>	<u>\$ 402,775</u>

DECEMBER 31, 2021

Description	Fair Value	Level 1
Stocks	\$ 27,835	\$ 27,835
Exchange Traded Funds	104,765	104,765
Money Market Funds	15,186	15,186
Mutual Funds	84,680	84,680
	<hr/>	<hr/>
TOTAL	<u>\$ 232,466</u>	<u>\$ 232,466</u>

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NOTES TO FINANCIAL STATEMENTS

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Note 10: Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the date of the statements of financial position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one (1) year of the date of the statements of financial position.

	<u>2022</u>	<u>2021</u>
Financial Assets at Year-End		
Cash and Cash Equivalents	\$ 347,367	\$ 788,067
Grant Receivable	-	10,000
Investments	<u>402,775</u>	<u>232,466</u>
TOTAL FINANCIAL ASSETS AT YEAR-END	750,142	1,030,533
Less Those Unavailable to General Expenditures Within One (1) Year, Due to:		
Donor-Restricted for Programs	(131,497)	(106,270)
Donor-Restricted for Mortgage Campaign	-	(216,092)
Donor-Restricted for Capital Improvement Projects	<u>(10,000)</u>	<u>(31,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One (1) Year	<u>\$ 608,645</u>	<u>\$ 677,171</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's goal is generally to maintain financial assets to meet ninety (90) days of operating expenses (approximately \$215,000). As part of its liquidity policy, excess cash is invested in short-term investments such as money market accounts as longer-term investments in wider markets. The Organization also has a \$100,000 line-of-credit available to meet cash flow needs, if needed.