



**NORTHERN VIRGINIA  
THERAPEUTIC RIDING PROGRAM, INC.**



**INDEPENDENT AUDITORS' REPORT AND  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**



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# **NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.**

## **INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Northern Virginia Therapeutic Riding Program, Inc.  
Clifton, Virginia

We have audited the accompanying financial statements of Northern Virginia Therapeutic Riding Program, Inc. (the Program), a not-for-profit organization, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility 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 from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Virginia Therapeutic Riding Program, Inc. as of December 31, 2019 and 2018, 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.

*Burdette Smith & Bish, LLC*

Fairfax, Virginia  
August 26, 2020

# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## STATEMENTS OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents .....	\$ 404,457	\$ 1,150,526
Restricted cash .....	1,247,759	276,726
Accounts receivable, net .....	3,399	2,636
Promises to give, net .....	57,050	78,015
Grant receivable .....	4,000	-
Prepaid expenses .....	5,343	7,520
<b>Total Current Assets</b> .....	<u>1,722,008</u>	<u>1,515,423</u>
<b>INVESTMENTS</b> .....	<u>559,504</u>	<u>552,521</u>
<b>PROPERTY AND EQUIPMENT, AT COST</b> .....	4,625,893	4,102,344
Less: accumulated depreciation and amortization .....	<u>(248,493)</u>	<u>(226,314)</u>
	<u>4,377,400</u>	<u>3,876,030</u>
<b>OTHER ASSETS</b>		
Promises to give, net .....	<u>70,779</u>	<u>96,276</u>
	<u>70,779</u>	<u>96,276</u>
	<u>\$ 6,729,691</u>	<u>\$ 6,040,250</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable .....	\$ 40,040	\$ 109,247
Accrued liabilities .....	-	6,485
Current portion of mortgage payable .....	27,794	25,870
Deferred revenue .....	25,057	24,535
<b>Total Current Liabilities</b> .....	<u>92,891</u>	<u>166,137</u>
<b>LONG-TERM LIABILITIES</b>		
Mortgage payable (less current portion of \$27,794 and \$25,870) .....	<u>920,545</u>	<u>948,338</u>
<b>COMMITMENTS</b>		
<b>NET ASSETS</b>		
Without donor restrictions .....	3,667,996	4,023,056
With donor restrictions .....	<u>2,048,259</u>	<u>902,719</u>
	<u>5,716,255</u>	<u>4,925,775</u>
	<u>\$ 6,729,691</u>	<u>\$ 6,040,250</u>

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

# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Riding lessons .....	\$ 167,160	\$ -	\$ 167,160
Contributions .....	771,499	788,303	1,559,802
Special events (net) .....	232,319	-	232,319
Other program income .....	122,887	-	122,887
Investment income, net of expenses .....	-	31,378	31,378
Gain (loss) on dispositions .....	(226)	-	(226)
	1,293,639	819,681	2,113,320
Net assets released from restrictions ...	-	-	-
	1,293,639	819,681	2,113,320
<b>EXPENSES</b>			
Program services .....	1,071,702	-	1,071,702
General and administrative .....	99,895	-	99,895
Fundraising .....	151,243	-	151,243
	1,322,840	-	1,322,840
<b>CHANGE IN NET ASSETS</b> .....	(29,201)	819,681	790,480
<b>NET ASSETS, BEGINNING OF YEAR</b> .....	4,023,056	902,719	4,925,775
<b>RECLASSIFICATION OF FUNDS</b> .....	(325,859)	325,859	-
<b>NET ASSETS, END OF YEAR</b> .....	\$ 3,667,996	\$ 2,048,259	\$ 5,716,255

# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>SUPPORT AND REVENUE</u></b>			
Riding lessons .....	\$ 175,603	\$ -	\$ 175,603
Contributions .....	563,116	888,257	1,451,373
Special events (net) .....	114,862	-	114,862
Other program income .....	107,888	-	107,888
Investment income, net of expenses .....	17,733	-	17,733
Gain (loss) on dispositions .....	<u>(3,056)</u>	<u>-</u>	<u>(3,056)</u>
	976,146	888,257	1,864,403
Net assets released from restrictions ...	<u>1,631,500</u>	<u>(1,631,500)</u>	<u>-</u>
	<u>2,607,646</u>	<u>(743,243)</u>	<u>1,864,403</u>
<b><u>EXPENSES</u></b>			
Program services .....	970,651	-	970,651
General and administrative .....	83,277	-	83,277
Fundraising .....	<u>131,013</u>	<u>-</u>	<u>131,013</u>
	<u>1,184,941</u>	<u>-</u>	<u>1,184,941</u>
 CHANGE IN NET ASSETS .....	 1,422,705	 (743,243)	 679,462
 NET ASSETS, BEGINNING OF YEAR .....	 <u>2,600,351</u>	 <u>1,645,962</u>	 <u>4,246,313</u>
 NET ASSETS, END OF YEAR .....	 <u>\$ 4,023,056</u>	 <u>\$ 902,719</u>	 <u>\$ 4,925,775</u>

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

# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	General and Administrative	Fundraising	Total
Capital campaign .....	\$ -	\$ -	\$ 19,747	\$ 19,747
Depreciation and amortization .....	25,195	-	-	25,195
Education and training expenses .....	8,323	-	-	8,323
Horse expenses .....	132,175	-	-	132,175
In-kind contributed services .....	482,436	-	-	482,436
Insurance .....	37,309	-	-	37,309
Interest expense .....	46,837	-	-	46,837
Marketing and promotional .....	993	-	-	993
Office expenses .....	3,241	490	-	3,731
Payroll costs .....	219,089	67,675	131,496	418,260
Professional fees .....	-	31,730	-	31,730
Program supplies and expense .....	51,098	-	-	51,098
Repairs and maintenance .....	33,592	-	-	33,592
Taxes and licenses .....	14,400	-	-	14,400
Therapists .....	8,063	-	-	8,063
Utilities .....	4,387	-	-	4,387
Volunteers .....	4,564	-	-	4,564
	<u>\$ 1,071,702</u>	<u>\$ 99,895</u>	<u>\$ 151,243</u>	<u>\$ 1,322,840</u>

# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	General and Administrative	Fundraising	Total
Bad debt .....	\$ 4,880	\$ -	\$ -	\$ 4,880
Capital campaign .....	-	-	25,972	25,972
Depreciation and amortization .....	25,258	-	-	25,258
Education and training expenses .....	5,672	-	-	5,672
Horse expenses .....	170,313	-	-	170,313
In-kind contributed services .....	348,414	-	-	348,414
Insurance .....	26,648	-	-	26,648
Interest expense .....	48,066	-	-	48,066
Marketing and promotional .....	669	-	-	669
Office expenses .....	4,855	490	-	5,345
Payroll costs .....	209,202	64,587	105,041	378,830
Professional fees .....	-	18,200	-	18,200
Program supplies and expense .....	44,340	-	-	44,340
Repairs and maintenance .....	50,380	-	-	50,380
Taxes and licenses .....	20,015	-	-	20,015
Therapists .....	4,592	-	-	4,592
Utilities .....	4,302	-	-	4,302
Volunteers .....	3,045	-	-	3,045
	<u>\$ 970,651</u>	<u>\$ 83,277</u>	<u>\$ 131,013</u>	<u>\$ 1,184,941</u>



# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Increase (decrease) in net assets .....	\$ 790,480	\$ 679,462
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Bad debt expense .....	(1,635)	4,880
Depreciation and amortization .....	25,195	25,258
Discount on pledges receivable .....	6,417	(3,198)
Donated investments, property and equipment .....	(151,123)	(323,556)
(Gain) loss on dispositions .....	226	3,056
Realized (gain) loss on investments .....	(1,375)	(12,491)
Unrealized (gain) loss on investments .....	(9,656)	8,466
(Increase) decrease in:		
Restricted cash .....	(971,033)	1,134,914
Accounts receivable .....	(763)	625
Promises to give .....	41,680	73,452
Grant receivable .....	(4,000)	2,000
Prepaid expenses .....	2,177	(4,389)
Increase (decrease) in:		
Accounts payable .....	(69,207)	98,825
Accrued liabilities .....	(6,485)	512
Deferred revenue .....	522	(2,855)
	<u>(1,139,060)</u>	<u>1,005,499</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES .....</b>	<b><u>(348,580)</u></b>	<b><u>1,684,961</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Cash used to purchase property and equipment .....	(376,791)	(1,358,051)
Cash proceeds from sale of property and equipment .....	-	2,500
Cash used to purchase investments .....	(512,742)	(1,019,363)
Cash proceeds from sale of investments .....	517,913	1,334,589
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES .....</b>	<b><u>(371,620)</u></b>	<b><u>(1,040,325)</u></b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Payments on mortgage payable .....	(25,869)	(24,641)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES .....</b>	<b><u>(25,869)</u></b>	<b><u>(24,641)</u></b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .....</b>	<b>(746,069)</b>	<b>619,995</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR .....</b>	<b>1,150,526</b>	<b>530,531</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR .....</b>	<b>\$ <u>404,457</u></b>	<b>\$ <u>1,150,526</u></b>
<b><u>SUPPLEMENTAL CASH FLOW INFORMATION</u></b>		
Cash paid for interest .....	\$ 46,837	\$ 48,066
<b><u>SUPPLEMENTAL NON-CASH ACTIVITIES</u></b>		
Donated property and equipment .....	\$ 150,000	\$ 7,919
Donated stocks .....	1,123	315,637
Donated special events contributions .....	-	62,291
Donated boarding space .....	31,500	22,050
In-kind services performed .....	482,436	348,414
	<b>\$ <u>665,059</u></b>	<b>\$ <u>756,311</u></b>

# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 1 - Summary of Significant Accounting Policies

The Northern Virginia Therapeutic Riding Program, Inc. (the Program) is a not-for-profit organization incorporated under the laws of the Commonwealth of Virginia on March 9, 1998. The Program provides equine-assisted activities for people with disabilities, youth-at-risk, recovering military personnel, and others in Northern Virginia.

#### **Basis of Accounting**

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

#### **Income Recognition**

Revenue from riding lessons is recognized upon the completion of each riding session. Deferred revenue represents fees collected in advance of the completion of the riding session.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Program reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

The Program reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Program reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### **In-Kind Support**

Contributions of donated services that enhance a non-financial asset and contributed services that are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying financial statements. Contributed services represent the value of donated program volunteer, legal services, and horse boarding are recorded as contributions at their estimated fair market value as of the date of the donation.

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the financial statements include the collectability of promises to give, the discount rates used to record net present value adjustment on long-term promises to give and the estimated useful lives of property and equipment.

# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 1 - Summary of Significant Accounting Policies, Continued

#### **Cash Equivalents**

For purposes of the statement of cash flows, the Program considers checking, money market, savings, and certificates of deposit with maturity of ninety days or less to be cash and cash equivalents. As required by certain loan covenants, the Program has established a reserve deposit account with a lender. The reserve is maintained in a separate bank account for the purposes of advancing funds to the Program's general contractor upon the completion of the development portion of the indoor arena construction contract. See Note 7.

#### **Fair Value of Financial Statements**

Accounting principles generally accepted in the United States established a framework for measuring fair value, clarifying the definition of fair value within that framework and expanding disclosure about fair value measurements. U.S. GAAP established a three-tiered fair value hierarchy with Level 1 representing quoted prices for identical assets or liabilities in an active market, Level 2 representing quoted prices for identical assets or liabilities in a market that is non-active or with other than directly or indirectly observable inputs, and Level 3 representing estimate values based on unobservable inputs. Related disclosures are segregated for assets and liabilities measured at fair value based on the level used within the hierarchy to determine their fair values.

The carrying amounts for cash and cash equivalents, restricted cash, grant receivable, prepaid expenses, accounts payable, accrued liabilities, and current maturities of long-term borrowing approximate fair market value because of the short maturity of these instruments. The carrying amount of long-term debt approximates fair market value because the interest rate on the instrument is consistent with rates offered for debt with similar terms and maturities.

#### **Accounts Receivable**

Accounts receivable are reported net of an estimate made for doubtful collections. The provision for doubtful accounts is based on management's annual evaluation of outstanding accounts and shall not be less than 3% of the total amount of accounts receivable that are more than 30 days in age. Accounts receivable are written off against the allowance account when collection efforts have been exhausted.

#### **Promises to Give**

Unconditional promises to give are reported net of an estimate made for doubtful pledge collections. The allowance for doubtful promises to give is based on management's evaluation of the status of existing promises to give and historical results. The provision for doubtful accounts is 3% of the total amount of pledges receivable at year end. Pledges receivable are written off against the allowance account when collection efforts have been exhausted.

Unconditional promises to give that are expected to be received within one year are recorded at their face amount, which is estimated to approximate fair value. Amounts to be received in a future period are discounted to their net present value at the time the revenue is recorded. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are anticipated to be received. Discount rates were 2.0% and 3.6% for the years ended December 31, 2019 and 2018, respectively. Amortization of the discount is included in contribution revenue.

# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 1 - Summary of Significant Accounting Policies, Continued

#### ***Investments***

Investments in money market funds, mutual funds, and fixed income obligations with readily determinable fair value are reported in the statement of financial position at fair value using level 1 valuation methodology. Interest, dividends and realized gains or losses are recorded when earned or sustained. Fluctuations in the market value of the portfolio are recorded as unrealized gains or losses in the accompanying statements of activities. Donated securities are recorded based on quoted market values as of the close of business on the date the security is received and are sold upon receipt or immediately thereafter to establish fair market value.

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

Property and equipment (including major renewals, replacements and betterments), with a cost of \$500 or more, are capitalized and stated at cost. Expenditures for ordinary maintenance and repair items are charged to operations as incurred. Upon the sale or other disposition of property, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the changes in net assets. Depreciation is provided for principally under the straight-line method. Asset useful lives are from three to forty years. Leasehold improvements are amortized under the straight-line method over the useful lives of the improvements.

#### ***Classes of Assets***

To ensure the observance of limitations and restrictions placed on the use of resources available to the Program, resources for various purposes are classified for accounting purposes into classes established according to their nature and purpose as follows:

***Net assets without donor restrictions*** - net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Program's management and includes Board designated funds, i.e.: funds that have been segregated by the Board to be spent only on specific purposes (capital campaign and scholarships).

***Net assets with donor restrictions*** - result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Program pursuant to these stipulations. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### ***Tax Exempt Status***

The Program has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended and classified as other than a private foundation. However, income from certain activities not directly related to the Program's tax-exempt purpose may be subject to taxation as unrelated business income.

Management has evaluated the Program's tax positions and concluded that the Program had taken no uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Program is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years prior to 2016.

# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 1 - Summary of Significant Accounting Policies, Continued

**Advertising Costs**

Advertising costs are expensed as incurred. Total advertising costs were \$993 and \$669 for the years ended December 31, 2019 and 2018, respectively.

**New Accounting Pronouncement**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Program has adopted the Financial Accounting Standards Board’s Accounting Standards Update 2016-14 *Presentation of Financial Statement of Not-for-Profit Entities* effective January 1, 2018.

**Reclassifications**

Certain amounts in the 2018 financial statements have been reclassified to conform with the 2019 presentation.

### NOTE 2 – Concentration of Credit Risk

The Program maintains bank accounts with a credit-worthy, high quality financial institution. The Federal Deposit Insurance Corporation (FDIC) has limitations on the amount it will insure, and the Program’s accounts balances may periodically exceed that amount. The Program has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

### NOTE 3 – Accounts Receivable

Accounts receivable, net of allowance for doubtful collections, is comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Accounts receivable .....	\$ 3,589	\$ 2,826
Less: allowance for doubtful collections .....	<u>(190)</u>	<u>(190)</u>
	<u>\$ 3,399</u>	<u>\$ 2,636</u>

Bad debt expense recognized on accounts receivable totaled \$-0- for both 2019 and 2018.

# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 4 – Promises to Give

The Program's promises to give, net of allowance for doubtful collections and discount, consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Receivable in one year or less .....	\$ 57,050	\$ 78,015
Receivable in two to four years .....	77,900	111,450
	134,950	189,465
Less: allowance for doubtful collections .....	(4,048)	(5,684)
Less: adjustment to net present value .....	(3,073)	(9,490)
	\$ 127,829	\$ 174,291
Current portion .....	\$ 57,050	\$ 78,015
Long-term portion .....	70,779	96,276
	\$ 127,829	\$ 174,291

Bad debt expense recognized on pledges receivable totaled \$-0- and \$4,880 for the years ended December 31, 2019 and 2018, respectively.

### NOTE 5 – Investments

Investments are stated at fair value using level 1 valuation methodology and consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Money market .....	\$ 513,562	\$ 5,422
Equity and mutual funds .....	45,942	42,909
Fixed income .....	-	504,190
	\$ 559,504	\$ 552,521

Investment income is comprised of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends .....	\$ 20,837	\$ 14,218
Net unrealized gains (losses) .....	9,655	(8,466)
Realized gain (loss) .....	1,375	12,491
Investment expenses .....	(489)	(510)
	\$ 31,378	\$ 17,733

# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 6 - Property and Equipment

Property and equipment, at cost, and the related accumulated depreciation and amortization as of December 31 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Land .....	\$ 1,521,425	\$ 1,521,425
Building .....	498,357	498,357
Permanent facility acquisition costs .....	67,472	67,472
Indoor riding arena preparation .....	2,218,762	1,850,321
Horses .....	183,866	33,866
Program equipment .....	79,495	75,095
Office equipment and furniture .....	9,387	12,629
Software .....	1,000	1,000
Leasehold improvements .....	14,617	10,667
Vehicles .....	28,207	28,207
Loan costs .....	3,305	3,305
	4,625,893	4,102,344
Less: accumulated depreciation and amortization ...	(248,493)	(226,314)
	\$ 4,377,400	\$ 3,876,030

Depreciation and amortization expense totaled \$25,195 and \$25,258 for the years ended December 31, 2019 and 2018, respectively.

### NOTE 7 - Letters of Credit

In November 2017, the Program entered into two irrevocable standby letters of credit as part of the bonding requirement in connection with the construction completion of the indoor riding arena totaling \$684,000. Interest is at prime plus 2%. Payments are due on demand. The lines of credit are secured by all assets of the Program. They were automatically renewed for an additional six-months on May 15, 2018. They were automatically renewed again for an additional six-months on November 15, 2018. The balance on the letters of credit was \$-0- at December 31, 2019 and 2018. Interest expense for 2019 and 2018 was \$-0-.

### NOTE 8 - Mortgage Payable

The Program has a mortgage note with a local bank. The principal amount was \$1,050,000 with an interest rate of 4.8% through September 4, 2020. From September 5, 2020 to the maturity date of September 2025, interest will be adjusted to the Treasury Constant Yield Rate plus three and one-quarter percentage point (3.25%). Monthly interest and principal payments are \$6,059, with the remaining balloon payment of \$778,894 due on the maturity date. The note is secured by first priority lien and Deed of Trust on the property, in addition to all assets of the Program. The Program also assigned first priority security interest in the \$1,000,000 pledge (See Note 9) and maintained an Interest Reserve Account in the amount equal to one year of debt service reserve required under the note. The Program is required to maintain certain operating and reporting covenants.

# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 8 – Mortgage Payable, Continued

The outstanding mortgage payable is as follows at December 31:

	<u>2019</u>	<u>2018</u>
Mortgage payable .....	\$ <u>948,339</u>	\$ <u>974,208</u>
Current maturities .....	\$ 27,794	\$ 25,870
Long-term maturities .....	<u>920,545</u>	<u>948,338</u>
	<u>\$ 948,339</u>	<u>\$ 974,208</u>

Long-term debt maturities for years ending December 31 are as follows:

2021 .....	\$ 28,502
2022 .....	29,921
2023 .....	31,410
Thereafter .....	<u>830,712</u>
	<u>\$ 920,545</u>

Interest expense for the years ended December 31, 2019 and 2018 totaled \$46,837 and \$48,066, respectively.

### NOTE 9 – Net Assets

All unconditional promises to give are recorded net assets with donor restrictions and income at the time the promise is communicated. The promises are considered with donor restriction because the donor is restricting the time period in which the assets may be used by not transferring them immediately. When a restriction expires, that is, when a stipulated time restriction or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
<u>With donor restrictions</u>		
Building Fund .....	\$ 1,758,881	\$ 645,865
Restricted/Grant Funds .....	109,167	78,824
Restricted/Grant Funds .....	4,000	-
Scholarships (Edelman Investment) .....	48,382	40,982
Pledges .....	<u>127,829</u>	<u>137,048</u>
	<u>2,048,259</u>	<u>902,719</u>
<u>Without donor restrictions</u>		
Designated by the Board .....	87,902	87,902
Undesignated .....	<u>3,580,094</u>	<u>3,935,154</u>
	<u>3,667,996</u>	<u>4,023,056</u>
Net Assets .....	<u>\$ 5,716,255</u>	<u>\$ 4,925,775</u>



# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 10 – Lease Income

The Program leases a portion of the single-family home located on the property. Lease income totaled \$33,300 and \$23,200 for the years ended December 31, 2019 and 2018, respectively.

### NOTE 11– Special Events

Special fundraising events are reflected net of costs in the statement of activities. Gross revenues and costs for the years ended December 31 are as follows:

	<u>2019</u>	<u>2018</u>
Revenues .....	\$ 308,239	\$ 238,731
Costs .....	<u>(75,920)</u>	<u>(123,869)</u>
	<u>\$ 232,319</u>	<u>\$ 114,862</u>

### NOTE 12 – Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program, general and administrative, and fundraising activities based on level of effort. Such allocations are determined by management on an equitable basis.

### NOTE 13 – Contributed Services

Patrons of the Program donate their time and talents for program and administrative activities and events that demonstrate to the community what the Program has to offer. Volunteers are required to attend specially-tailored training for therapeutic riding to assist in riding lessons as side walkers and horse leaders as well as horse care and barn management. The Program adopted a policy to objectively measure the value of volunteer services. Accordingly, the accompanying statements include a value for volunteer program-related services provided to the Program, excluding time contributed by members of the Board of Directors, for the years ended December 31, 2019 and 2018.

The accompanying statements also include contributed legal services provided to the Program for the years ended December 31, 2019 and 2018, as measured based on the fair value of those services. Donated horse boarding space of \$22,050 and \$7,350 were included in horse expenses on the Statement of Functional Expenses for the years ended December 31, 2019 and 2018, respectively.

Contributed services revenue and corresponding expenses are comprised of the following at December 31:

	<u>2019</u>	<u>2018</u>
Volunteer program-related services .....	\$ 481,316	\$ 338,167
Donated legal services .....	1,120	10,247
Donated horse boarding space .....	<u>31,500</u>	<u>22,050</u>
	<u>\$ 513,936</u>	<u>\$ 370,464</u>

# NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 14 – Availability and Liquidity of Resources

The Program’s financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position, are as follows:

Cash and cash equivalents .....	\$ 404,457
Accounts receivable .....	3,399
Pledges receivable, current .....	<u>57,050</u>
	<u>\$ 464,906</u>

As part of liquidity management, the Program has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations that come due. In addition, as part of liquidity management, the Program invests cash in short-term investments, including money market accounts, stocks, and exchange traded funds. The Program’s financial assets available at December 31, 2019 are sufficient to cover all of its obligations.

### NOTE 15 – Subsequent Events

Subsequent to year end, the World Health Organization announced a global health emergency due to a new strain of coronavirus (COVID-19), which became a global pandemic in March 2020 and resulted in unprecedented actions by governments around the world to curtail the spread of the disease. These events have resulted in a high level of uncertainty and volatility in the financial markets and have had an enormous impact on businesses, organizations, and consumers in all sectors. The outcome and timeframe is highly unpredictable and as such the Program is not able to estimate the effects of COVID-19 on its results of operations, financial condition or liquidity for 2020.

On April 17, 2020, the Program obtained a Payment Protection Plan (PPP) loan under the provisions of the CARES Act for \$77,512. The Program anticipates that this loan will be fully forgiven during 2020 as the proceeds have been utilized for the payment of payroll, rent, and utility expenses as intended by the PPP program.

Management has evaluated subsequent events and transactions for other potential recognition and disclosures through August 26, 2020, the date the financial statements were available for issuance.