

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



**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2010 AND 2009

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THERAPEUTIC RIDING PROGRAM, INC.**

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CONTENTS

	<u>Page</u>
<u>BASIC FINANCIAL STATEMENTS</u>	
Independent Auditors' Report	1
Statements of Financial Position December 31, 2010 and 2009	2
Statements of Activities For the Years Ended December 31, 2010 and 2009	3
Statements of Cash Flows For the Years Ended December 31, 2010 and 2009	4
Notes to Financial Statements	5 - 12
<u>SUPPLEMENTARY SCHEDULE</u>	
Schedule of Functional Expenses For the Year Ended December 31, 2010 (with 2009 summarized).....	13

THE BURDETTE SMITH GROUP, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND MANAGEMENT CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Northern Virginia Therapeutic Riding Program, Inc. (the Program), a not-for-profit organization, as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The Burdette Smith Group, P.C.

Fairfax, Virginia
August 15, 2011

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
<hr/>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 242,398	\$ 118,090
Accounts receivable, net	13,081	12,319
Promises to give, net	210,984	114,650
Grant receivable	10,000	-
Prepaid expenses	4,736	8,436
Total Current Assets	<u>481,199</u>	<u>253,495</u>
 PROPERTY AND EQUIPMENT, AT COST	 723,083	 718,084
Less: accumulated depreciation and amortization	(80,053)	(59,734)
	<u>643,030</u>	<u>658,350</u>
 OTHER ASSETS		
Promises to give, net	1,053,710	77,669
Restricted cash	250,000	50,617
	<u>1,303,710</u>	<u>128,286</u>
	<u>\$ 2,427,939</u>	<u>\$ 1,040,131</u>
 LIABILITIES AND NET ASSETS		
<hr/>		
CURRENT LIABILITIES		
Accounts payable	\$ 3,597	\$ 5,551
Accrued liabilities	6,634	6,651
Current portion of mortgage payable	6,610	6,182
Deferred revenue	16,890	10,656
Total Current Liabilities	<u>33,731</u>	<u>29,040</u>
 LONG-TERM LIABILITIES		
Mortgage payable (less current portion of \$6,610 and \$6,182, respectively)	<u>332,967</u>	<u>339,198</u>
 COMMITMENTS		
 NET ASSETS		
Unrestricted.....	392,547	379,792
Temporarily restricted	1,668,694	292,101
	<u>2,061,241</u>	<u>671,893</u>
	<u>\$ 2,427,939</u>	<u>\$ 1,040,131</u>

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

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
<hr/>		
REVENUE		
Riding lessons	\$ 125,223	\$ 141,768
Contributions	443,366	412,917
Special events (net)	24,731	37,756
Other program income	28,274	46,270
Investment income	1,717	1,536
Gain (loss) on dispositions	-	(3,020)
	<hr/>	<hr/>
	623,311	637,227
Net assets released from restrictions	127,064	227,424
	<hr/>	<hr/>
	750,375	864,651
EXPENSES		
Program services	666,548	629,875
General and administrative	51,072	27,078
Fundraising	20,000	25,000
	<hr/>	<hr/>
	737,620	681,953
INCREASE IN UNRESTRICTED NET ASSETS	<hr/>	<hr/>
	12,755	182,698
TEMPORARILY RESTRICTED NET ASSETS		
<hr/>		
Contributions	1,503,657	103,449
Net assets released from restrictions	(127,064)	(227,424)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<hr/>	<hr/>
	1,376,593	(123,975)
TOTAL INCREASE IN NET ASSETS	1,389,348	58,723
NET ASSETS, BEGINNING OF YEAR	671,893	613,170
NET ASSETS, END OF YEAR	<hr/> <hr/>	<hr/> <hr/>
	\$ 2,061,241	\$ 671,893

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

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 1,389,348	\$ 58,723
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Bad debt expense	13,814	381
Depreciation and amortization	20,319	18,668
Discount on pledges receivable	72,125	(3,579)
Donated property and equipment	(4,999)	(18,000)
(Gain) loss on dispositions	-	3,020
Restricted cash change	(199,383)	124,383
(Increase) decrease in:		
Accounts receivable	(4,576)	(1,328)
Grant receivable	(10,000)	-
Promises to give	(1,154,500)	47,516
Prepaid expenses	3,700	43,417
Increase (decrease) in:		
Accounts payable	(1,954)	(6,214)
Accrued salaries and payroll taxes	(17)	2,215
Deferred revenue	6,234	(517)
	<u>(1,259,237)</u>	<u>209,962</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>130,111</u>	<u>268,685</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash used to purchase property and equipment	-	(608,913)
NET CASH USED IN INVESTING ACTIVITIES	<u>-</u>	<u>(608,913)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from mortgage payable	-	350,000
Payments on mortgage payable	(5,803)	(4,620)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES ...	<u>(5,803)</u>	<u>345,380</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	124,308	5,152
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>118,090</u>	<u>112,938</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>242,398</u>	\$ <u>118,090</u>
<u>SUPPLEMENTAL CASH FLOW INFORMATION</u>		
Cash paid for interest	\$ 23,457	\$ 19,816
<u>SUPPLEMENTAL NON-CASH ACTIVITIES</u>		
NON-CASH OPERATING ACTIVITIES:		
Donated property and equipment	\$ 4,999	\$ 18,000
In-kind contributions	310,112	305,764
In-kind horse supplies provided	(1,119)	-
In-kind legal services provided	-	(40,170)
In-kind volunteer program services provided	(308,993)	(265,594)
NET NON-CASH OPERATING ACTIVITIES	\$ <u>4,999</u>	\$ <u>18,000</u>

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

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

NOTE 1 - Summary of Significant Accounting Policies

The Northern Virginia Therapeutic Riding Program (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 children and adults with physical, cognitive and emotional challenges (including youth-at-risk and recovering military service personnel) and their families 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 services and legal services and 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.

Cash Equivalents

For purposes of the statement of cash flows, the Program considers unrestricted checking, money market and savings accounts to be cash and cash equivalents.

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

NOTE 1 - Summary of Significant Accounting Policies, continued

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 an active 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, 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. 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 1.8% and 3.2% for the years ended December 31, 2010 and 2009, respectively. Amortization of the discount is included in contribution revenue.

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 lease term.

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

NOTE 1 - Summary of Significant Accounting Policies, continued

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:

Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and includes Board designated funds, i.e.: funds that have been segregated by the Board to be spent only on specific purposes.

Temporarily restricted net assets 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. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying supplemental schedule of functional expenses. Accordingly, certain costs have been allocated among the programs, fundraising and management and general activities benefitted based on level of effort.

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.

The Financial Accounting Standards Board (FASB) issued guidance for uncertainty in income taxes. 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 to comply with this guidance. With few exceptions, federal and state information returns for years prior to 2007 are no longer subject to examination by tax authorities.

Reclassifications

Certain 2009 amounts have been reclassified to conform to the 2010 presentation. These reclassifications have no effect on change in net assets.

Subsequent Events

In preparing the accompanying financial statements, the Program has evaluated events and transactions for potential recognition or disclosure through August 15, 2011, the date the financial statements were available for issuance. See Note 16.

NOTE 2 - Concentration of Credit Risk

The Program maintains bank accounts with a credit-worthy, high quality financial institution. Since the Federal Deposit Insurance Corporation only insures accounts up to \$250,000 per institution, there is a concentration of credit risk for the amount in excess of \$250,000 at December 31, 2010 and 2009.

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

NOTE 3 – Accounts Receivable

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

	<u>2010</u>		<u>2009</u>
Accounts Receivable.....	\$ 13,486	\$	12,700
Less: allowance for doubtful collections	(405)		(381)
	<u>\$ 13,081</u>	<u>\$</u>	<u>12,319</u>

Bad debt expense recognized on accounts receivable totaled \$3,814 and \$381 during the years ended December 31, 2010 and 2009, respectively.

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>2010</u>		<u>2009</u>
Receivable in one year or less	\$ 210,984	\$	114,650
Receivable in two to eight years	1,140,000		81,834
	<u>1,350,984</u>		<u>196,484</u>
Less: allowance for doubtful collections	(10,000)		-
Less: adjustment to net present value	(76,290)		(4,165)
	<u>\$ 1,264,694</u>	<u>\$</u>	<u>192,319</u>
Current portion	\$ 210,984	\$	114,650
Long-term portion	1,053,710		77,669
	<u>\$ 1,264,694</u>	<u>\$</u>	<u>192,319</u>

Bad debt expense recognized on pledges receivable totaled \$10,000 and \$0 during the years ended December 31, 2010 and 2009, respectively. See Note 13.

NOTE 5 – Grant Receivable

The Program recorded a \$20,000 grant for general operating purposes, of which \$10,000 was received during the year ended December 31, 2010. The \$10,000 balance outstanding as of December 31, 2010 was received subsequent to year end.

NOTE 6 – Prepaid Expenses

Prepaid expenses consist of the following as of December 31:

	<u>2010</u>		<u>2009</u>
Insurance	\$ 2,736	\$	6,436
Occupancy costs	2,000		2,000
	<u>\$ 4,736</u>	<u>\$</u>	<u>8,436</u>

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

NOTE 7 – Restricted Cash

Restricted cash at December 31, 2010 and 2009 represents donor restricted proceeds being held for the completion of the purchase of the property. See Note 16.

NOTE 8 - Property and Equipment

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

	<u>2010</u>		<u>2009</u>
Permanent facility	\$ 550,000	\$	550,000
Permanent facility acquisition costs	58,913		58,913
Horses	47,499		42,500
Program equipment	41,994		41,994
Office equipment	595		595
Leasehold improvements	1,746		1,746
Vehicles	22,336		22,336
	<u>723,083</u>		<u>718,084</u>
Less: accumulated depreciation and amortization	(80,053)		(59,734)
	<u>\$ 643,030</u>	\$	<u>658,350</u>

Depreciation and amortization expense was \$20,319 and \$18,668 for the years ended December 31, 2010 and 2009, respectively.

NOTE 9- Deferred Revenue

Deferred revenue consists of amounts received in advance for riding programs and leasing fees and is summarized as follows at December 31:

	<u>2010</u>		<u>2009</u>
Deferred rider deposits	\$ 12,835	\$	8,016
Deferred leasing fees	4,055		2,640
	<u>\$ 16,890</u>	\$	<u>10,656</u>

NOTE 10 – Unrestricted, Board Designated Net Assets

During the year ended December 31, 2010, the Board of Directors segregated certain fundraising funds to be spent only for capital campaign purposes. Designated net assets as of December 31, 2010 and 2009 totaled \$7,880 and \$0, respectively.

NOTE 11 – Mortgage Payable

In February 2009, the Program purchased a 5.5 acre property located in Fairfax County facilitated by a mortgage with a local bank. Mortgage payable consists of the following at December 31:

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

NOTE 11 – Mortgage Payable, continued

	<u>2010</u>	<u>2009</u>
Mortgage note, payable in monthly principal and interest installments of \$2,438, fixed annual interest rate 6.75%, balloon payment due February 2014 to include all unpaid principal and interest, secured by First Deed of Trust on the property	\$ <u>339,577</u>	\$ <u>345,380</u>
Current maturities	\$ 6,610	\$ 6,182
Long-term maturities	<u>332,967</u>	<u>339,198</u>
	\$ <u>339,577</u>	\$ <u>345,380</u>

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

2012	\$ 7,034
2013	7,523
2014	<u>318,410</u>
	\$ <u>332,967</u>

Management intends to renegotiate this mortgage payable in conjunction with obtaining additional financing for the purchase of the remaining 12 acres of property, which is anticipated in January 2012. See Note 16.

Interest expense for the years ended December 31, 2010 and 2009 totaled \$23,457 and \$19,816, respectively.

NOTE 12 - Commitments

On January 1, 2008, the Program entered into a lease with a purchase option with Full Cry Farm in Clifton, Virginia. The base rent is \$1,400 per month. In February 2009, the Program purchased a portion of this property (see Notes 8 & 11) and amended this lease to include a new purchase option for the remainder of the property (see Note 16). The lease is in effect until January 31, 2012. Rent expense on the property was \$16,800 and \$16,800 for the years ended December 31, 2010 and 2009, respectively.

As part of the lease amendment with Full Cry Farm, the Program renewed an equipment rental agreement in February 2009 with Junior Equitation School (JES) which is owned by the owner of Full Cry Farm. Monthly rental is \$600. In exchange, the Program agreed to manage and operate JES's horse boarding operations. Equipment rent expense totaled \$7,200 and \$6,300 for the years ended December 31, 2010 and 2009, respectively.

The following is a schedule of future minimum rental payments under the above operating leases as of December 31, 2010:

2011	\$ 24,000
2012	<u>2,000</u>
	\$ <u>26,000</u>

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

NOTE 13 – Temporarily Restricted Net Assets

All unconditional promises to give are recorded as temporarily restricted net assets and income at the time the promise is communicated. The promises are considered temporarily restricted because the donor is restricting the time period in which the assets may be used by not transferring them immediately. Funds received that have a donor restriction on the use are also recorded as temporarily restricted net assets. When a restriction expires, that is, when a stipulated time restriction 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 restrictions.

Temporarily restricted net assets are restricted for the following purpose at December 31:

	<u>2010</u>		<u>2009</u>
Property acquisition	\$ 1,135,374	\$	213,896
Indoor riding arena construction	489,200		-
Horse stall	-		49,040
Scholarships	30,560		8,560
Community outreach.....	10,000		12,460
Veteran program	1,740		2,895
Other	1,820		5,250
	<u>\$ 1,668,694</u>	<u>\$</u>	<u>292,101</u>

Temporarily restricted property acquisition funds include a \$1,000,000 pledge receivable from a Foundation which is contingent upon the Program purchasing and closing on the sale of a piece of real estate not later than December 31, 2012. See Notes 4 & 16.

NOTE 14 – 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. During 2009, 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 Governors, for the years ended December 31, 2010 and 2009.

The accompanying statements also include contributed legal services provided to the Program for the years ended December 31, 2010 and 2009, as measured based on the fair value of those services.

Contribution revenue and corresponding expense are comprised of the following at December 31:

	<u>2010</u>		<u>2009</u>
Volunteer program-related services	\$ 308,993	\$	265,594
Legal services	-		40,170
	<u>\$ 308,993</u>	<u>\$</u>	<u>305,764</u>

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

NOTE 15– 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>2010</u>	<u>2009</u>
Revenues	\$ 47,420	\$ 69,935
Costs	<u>(22,689)</u>	<u>(32,179)</u>
	<u>\$ 24,731</u>	<u>\$ 37,756</u>

NOTE 16 – Subsequent Events

On June 17, 2011, the Program entered into an agreement to amend and restate the current lease and purchase option as described in Note 12. Under the terms of this agreement, the Program will purchase the remaining 12 acres of Little Full Cry Farm for \$1,450,000 in January 2012. All other terms and conditions remain the same.

The Program intends to finance the acquisition using restricted cash proceeds being held for the completion of the purchase of the property (Note 7), in addition to acquiring a new loan with the same facility that is currently holding the mortgage payable related to the initial 5.5 acre purchase in 2009. See Note 11.

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2010 (WITH 2009 SUMMARIZED)

	Program Services	General and Administrative	Fundraising	2010 Total	2009 Total
Bad debt expense	\$ 3,814	\$ 10,000	\$ -	\$ 13,814	\$ 382
Depreciation and amortization	20,319	-	-	20,319	18,668
Education and training expenses	123	-	-	123	270
Horse expenses	45,326	-	-	45,326	33,508
Interest expense	23,457	-	-	23,457	19,816
In-kind contributed services	308,993	-	-	308,993	305,764
Insurance	29,987	2,609	-	32,596	28,820
Marketing and promotional	1,900	-	-	1,900	1,199
Occupancy	16,800	-	-	16,800	16,800
Payroll costs	159,355	20,183	-	179,538	153,858
Printing and postage	1,399	-	-	1,399	2,066
Program supplies and expense	21,434	-	-	21,434	30,203
Professional fees	-	15,675	-	15,675	14,425
Capital campaign	-	2,202	20,000	22,202	25,752
Repairs and maintenance	21,694	-	-	21,694	19,196
Taxes and licenses	6,662	-	-	6,662	6,208
Telephone	3,626	403	-	4,029	3,759
Utilities	1,099	-	-	1,099	695
Volunteers	560	-	-	560	564
	<u>\$ 666,548</u>	<u>\$ 51,072</u>	<u>\$ 20,000</u>	<u>\$ 737,620</u>	<u>\$ 681,953</u>

See auditors' report.