NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

BURDETTE SMITH & BISH LLC
CPAS AND MANAGEMENT CONSULTANTS
4035 RIDGE TOP ROAD SUITE 550
FAIRFAX, VA 22030

NORTHERN VIRGINIA
THERAPEUTIC RIDING PROGRAM, INC.

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BURDETTE SMITH & BISH LLC
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INDEPENDENT AUDITORS' REPORT

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

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, 2018 and 2017, 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, 2018 and 2017, 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 31, 2019

NORTHERN VIRGINIA
THERAPEUTIC RIDING PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,150,526	$ 530,531
Restricted cash	276,726	1,411,640
Accounts receivable, net	2,636	3,261
Promises to give, net	78,015	137,500
Grant receivable	-	2,000
Prepaid expenses	7,520	3,131
Total Current Assets	1,515,423	2,088,063
INVESTMENTS	552,521	548,085
PROPERTY AND EQUIPMENT, AT COST	4,102,344	2,770,374
Less: accumulated depreciation and amortization	(226,314)	(229,500)
	3,876,030	2,540,874
OTHER ASSETS		
Promises to give, net	96,276	111,925
	96,276	111,925
	$ 6,040,250	$ 5,288,947
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 109,247	$ 10,422
Accrued liabilities	6,485	5,973
Current portion of mortgage payable	25,870	24,645
Deferred revenue	24,535	27,390
Total Current Liabilities	166,137	68,430
LONG-TERM LIABILITIES		
Mortgage payable (less current portion of $25,870 and $24,645)	948,338	974,204
COMMITMENTS		
NET ASSETS		
Without donor restrictions	4,023,056	2,600,351
With donor restrictions	902,719	1,645,962
	4,925,775	4,246,313
	$ 6,040,250	$ 5,288,947

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
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	(3,056)	-	(3,056)
	976,146	888,257	1,864,403
Net assets released from restrictions	1,631,500	(1,631,500)	-
	2,607,646	(743,243)	1,864,403
EXPENSES			
Program services	970,651	-	970,651
General and administrative	83,277	-	83,277
Fundraising	131,013	-	131,013
	1,184,941	-	1,184,941
CHANGE IN NET ASSETS	1,422,705	(743,243)	679,462
NET ASSETS, BEGINNING OF YEAR	2,600,351	1,645,962	4,246,313
NET ASSETS, END OF YEAR	$ 4,023,056	$ 902,719	$ 4,925,775

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Riding lessons	$ 177,781	$ -	$ 177,781
Contributions	848,433	1,011,964	1,860,397
Special events (net)	129,396	-	129,396
Other program income	105,145	-	105,145
Investment income, net of expenses	13,457	-	13,457
Gain (loss) on dispositions	(438)	-	(438)
	1,273,774	1,011,964	2,285,738
Net assets released from restrictions	473,338	(473,338)	-
	1,747,112	538,626	2,285,738
EXPENSES			
Program services	1,133,157	-	1,133,157
General and administrative	66,981	-	66,981
Fundraising	113,852	-	113,852
	1,313,990	-	1,313,990
CHANGE IN NET ASSETS	433,122	538,626	971,748
NET ASSETS, BEGINNING OF YEAR	2,167,229	1,107,336	3,274,565
NET ASSETS, END OF YEAR	$ 2,600,351	$ 1,645,962	$ 4,246,313

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, 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
Payroll costs	209,202	64,587	105,041	378,830
Printing and postage	446	-	-	446
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
Telephone	4,409	490	-	4,899
Therapists	4,592	-	-	4,592
Utilities	4,302	-	-	4,302
Volunteers	3,045	-	-	3,045
	$ 970,651	$ 83,277	$ 131,013	$ 1,184,941

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, 2017

	Program Services	General and Administrative	Fundraising	Total
Capital campaign	$ -	$ -	$ 16,841	$ 16,841
Depreciation and amortization	28,006	-	-	28,006
Education and training expenses	5,380	-	-	5,380
Horse expenses	82,978	-	-	82,978
In-kind contributed services	638,268	-	-	638,268
Insurance	29,619	-	-	29,619
Interest expense	49,233	-	-	49,233
Marketing and promotional	1,022	-	-	1,022
Payroll costs	188,044	49,572	97,011	334,627
Printing and postage	1,202	-	-	1,202
Professional fees	-	17,000	-	17,000
Program supplies and expense	56,069	-	-	56,069
Relocation	1,009	-	-	1,009
Repairs and maintenance	18,539	-	-	18,539
Taxes and licenses	19,799	-	-	19,799
Telephone	3,676	409	-	4,085
Therapists	1,975	-	-	1,975
Utilities	5,341	-	-	5,341
Volunteers	2,997	-	-	2,997
	$ 1,133,157	$ 66,981	$ 113,852	$ 1,313,990

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, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 679,462	$ 971,748
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Bad debt expense	4,880	-
Depreciation and amortization	25,258	28,006
Discount on pledges receivable	(3,198)	3,416
Donated investments, property and equipment	(323,556)	(211,339)
(Gain) loss on dispositions	3,056	438
Realized (gain) loss on investments	(12,491)	(4,177)
Unrealized (gain) loss on investments	8,466	(3,643)
(Increase) decrease in:		
Restricted cash	1,134,914	(1,411,640)
Accounts receivable	625	(1,629)
Promises to give	73,452	249,965
Grant receivable	2,000	(500)
Prepaid expenses	(4,389)	2,347
Increase (decrease) in:		
Accounts payable	98,825	1,251
Accrued liabilities	512	422
Deferred revenue	(2,855)	7,245
	1,005,499	(1,339,838)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,684,961	(368,090)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash used to purchase property and equipment	(1,358,051)	(52,423)
Cash proceeds from sale of property and equipment	2,500	1,000
Cash used to purchase investments	(1,019,363)	(1,495,363)
Cash proceeds from sale of investments	1,334,589	1,705,309
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,040,325)	158,523
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage payable	(24,641)	(23,473)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(24,641)	(23,473)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	619,995	(233,040)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	530,531	763,571
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,150,526	$ 530,531
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 48,066	$ 49,233
SUPPLEMENTAL NON-CASH ACTIVITIES		
Donated property and equipment	$ 7,919	$ 6,436
Donated stocks	315,637	204,903
Donated special events contributions	62,291	49,456
Donated boarding space	22,050	7,350
In-kind services performed	348,414	638,268
	$ 756,311	$ 906,413

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

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.

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 3.6% and 2.6% for the years ended December 31, 2018 and 2017, respectively. Amortization of the discount is included in contribution revenue.

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 2015.

NORTHERN VIRGINIA THERAPEUTIC RIDING PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 - Summary of Significant Accounting Policies, Continued

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs were $669 and $1,022 for the years ended December 31, 2018 and 2017, 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 adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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:

	2018	2017
Accounts receivable	$ 2,826	$ 3,451
Less: allowance for doubtful collections	(190)	(190)
	$ 2,636	$ 3,261

Bad debt expense recognized on accounts receivable totaled $0 for both 2018 and 2017.

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:

	2018	2017
Receivable in one year or less	$ 78,015	$ 137,500
Receivable in two to four years	111,450	135,000
	189,465	272,500
Less: allowance for doubtful collections	(5,684)	(16,783)
Less: adjustment to net present value	(9,490)	(6,292)
	$ 174,291	$ 249,425
Current portion	$ 78,015	$ 137,500
Long-term portion	96,276	111,925
	$ 174,291	$ 249,425

NOTE 4 – Promises to Give, Continued

Bad debt expense recognized on pledges receivable totaled $4,880 and $-0- for the years ended December 31, 2018 and 2017, respectively.

NOTE 5 – Investments

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

	2018	2017
Money market	$ 5,422	$ 5,352
Equity and mutual funds	42,909	46,263
Fixed income	504,190	496,470
	$ 552,521	$ 548,085

Investment income is comprised of the following:

	2018	2017
Interest and dividends	$ 14,218	$ 6,291
Net unrealized gains (losses)	(8,466)	3,643
Realized gain (loss)	12,491	4,177
Investment expenses	(510)	(654)
	$ 17,733	$ 13,457

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:

	2018	2017
Land	$ 1,521,425	$ 1,521,425
Building	498,357	498,357
Permanent facility acquisition costs	67,472	67,472
Indoor riding arena preparation	1,850,321	506,270
Horses	33,866	57,367
Program equipment	75,095	63,675
Office equipment and furniture	12,629	12,629
Software	1,000	1,000
Leasehold improvements	10,667	10,667
Vehicles	28,207	28,207
Loan costs	3,305	3,305
	4,102,344	2,770,374
Less: accumulated depreciation and amortization	(226,314)	(229,500)
	$ 3,876,030	$ 2,540,874

Depreciation and amortization expense totaled $25,258 and $28,006 for the years ended December 31, 2018 and 2017, 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, see Note 15. 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. The balance on the letters of credit was $-0- at December 31, 2018 and 2017. Interest expense for 2018 and 2017 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.

The outstanding mortgage payable is as follows at December 31:

	2018	2017
Mortgage payable	$ 974,208	$ 998,849
Current maturities	$ 25,870	$ 24,645
Long-term maturities	948,338	974,204
	$ 974,208	$ 998,849

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

2020	$ 27,027
2021	28,502
2022	29,921
2023	31,410
Thereafter	831,478
	$ 948,338

Interest expense for the years ended December 31, 2018 and 2017 totaled $48,066 and $49,233, 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:

	2018	2017
With donor restrictions		
Capital campaign, pledged	$ 61,230	$ 209,930
Indoor riding arena construction	716,218	1,346,776
Scholarships	43,075	44,715
Community outreach program	64,548	44,027
Other	17,648	514
	902,719	1,645,962
Without donor restrictions		
Designated by the Board	87,902	87,902
Undesignated	3,935,154	2,512,449
	4,023,056	2,600,351
Net assets	$ 4,925,775	$ 4,246,313

NOTE 10 – Lease Income

The Program leases a portion of the single-family home located on the property. Lease income totaled $23,200 and $18,200 for the years ended December 31, 2018 and 2017, 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:

	2018	2017
Revenues	$ 238,731	$ 229,719
Costs	(123,869)	(100,323)
	$ 114,862	$ 129,396

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, 2018 and 2017.

The accompanying statements also include contributed legal services provided to the Program for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, respectively.

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

	2018	2017
Volunteer program-related services	$ 338,167	$ 635,018
Donated legal services	10,247	3,250
Donated horse boarding space	22,050	7,350
	$ 370,464	$ 645,618

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	$ 1,150,526
Accounts receivable	2,636
Pledges receivable, current	78,015
	$ 1,231,177

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, 2018 are sufficient to cover all of its obligations.

NOTE 15 – Subsequent Events

Phase I of the three-phase construction of the indoor riding arena was completed in the first quarter of 2019. This phase included the development of storm water management, a new outdoor riding ring with lights, five stalls as part of shed row barns, paved parking lot with lighting, and widened entrance. Phase II is the construction of the indoor riding arena which includes a climate-controlled observation area, an education room, and restrooms. This phase is expected to begin in June 2019. The estimated cost for Phase II is $1,400,000. The final phase is the construction of a 20-stall state-of-the-art barn with an estimated cost of $500,000.

Management has evaluated subsequent events and transactions for other potential recognition and disclosures through August 31, 2019, the date the financial statements were available for issuance.