

TALISMAN THERAPEUTIC RIDING, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR 2022)

TALISMAN THERAPEUTIC RIDING, INC.

Table of Contents

| | |
|--|---------|
| Independent Auditor's Report | 3 - 4 |
| Financial Statements | |
| Statement of Financial Position | 5 |
| Statement of Activities | 6 - 7 |
| Statement of Functional Expenses | 8 - 9 |
| Statement of Cash Flows | 10 |
| Notes to Financial Statements | 11 - 18 |

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Talisman Therapeutic Riding, Inc.
Grasonville, Maryland

Opinion

We have audited the accompanying financial statements of Talisman Therapeutic Riding, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Talisman Therapeutic Riding, Inc. as of December 31, 2023 and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Talisman Therapeutic Riding, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Prior Period Financial Statements

The financial statements of Talisman Therapeutic Riding, Inc. as of December 31, 2022 were reviewed by other auditors whose report dated October 30, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management 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 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Talisman Therapeutic Riding, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Talisman Therapeutic Riding, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Talisman Therapeutic Riding, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant auditing findings, and certain internal control related matters that we identified during the audit.

DAVIS, JOSEY, KEATING & HOTTEL, LLC

November 14, 2024

TALISMAN THERAPEUTIC RIDING, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR 2022)

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 44,082 | \$ 27,739 |
| Accounts Receivable | 45,589 | 11,883 |
| Other Receivables | --- | 126 |
| Grants Receivable | 61,771 | 132,699 |
| Prepaid Expenses | <u>7,217</u> | <u>6,728</u> |
| Total Current Assets | 158,659 | 179,175 |
| | | |
| PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION | <u>1,187,425</u> | <u>908,358</u> |
| | | |
| TOTAL ASSETS | \$ <u>1,346,084</u> | \$ <u>1,087,533</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 17,765 | \$ 39,315 |
| Credit Cards Payable | 4,700 | 3,547 |
| Deferred Revenue | --- | 7,747 |
| Payroll Liabilities | 4,146 | 3,147 |
| Current Maturities of Long-Term Debt | <u>22,532</u> | <u>22,459</u> |
| Total Current Liabilities | 49,143 | 76,215 |
| | | |
| LONG-TERM LIABILITIES | | |
| Notes payable, Net of Current Maturities | <u>736,166</u> | <u>722,870</u> |
| Total Long-Term Liabilities | <u>736,166</u> | <u>722,870</u> |
| Total Liabilities | 785,309 | 799,085 |
| | | |
| NET ASSETS | | |
| Without Donor Restrictions | 544,648 | 116,119 |
| With Donor Restrictions | <u>16,127</u> | <u>172,329</u> |
| Total Net Assets | <u>560,775</u> | <u>288,448</u> |
| | | |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>1,346,084</u> | \$ <u>1,087,533</u> |

See accompanying independent auditor's report and notes
to financial statements.

TALISMAN THERAPEUTIC RIDING, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---|------------------------------------|-------------------|
| REVENUE AND OTHER SUPPORT | | | |
| Contributions | \$ 176,483 | \$ 20,917 | 197,400 |
| Grants | 292,007 | 76,510 | 368,517 |
| Non-Cash Donations | 2,700 | --- | 2,700 |
| Special Events | 183,337 | 20,720 | 204,057 |
| Program Income | 96,727 | --- | 96,727 |
| Other Income | 1,110 | --- | 1,110 |
| Net Assets Released from Restrictions | <u>274,349</u> | <u>(274,349)</u> | <u>---</u> |
| Total Revenue and Other Support | 1,026,713 | (156,202) | 870,511 |
| EXPENSES | | | |
| Program Services: | | | |
| Equine-Assisted Therapeutic Activities | 344,996 | --- | 344,996 |
| Maryland Horse Discovery Center | <u>74,186</u> | <u>---</u> | <u>74,186</u> |
| Total Program Services | 419,182 | --- | 419,182 |
| Supporting Services: | | | |
| Management and General | 129,254 | --- | 129,254 |
| Fundraising | <u>49,748</u> | <u>---</u> | <u>49,748</u> |
| Total Supporting Services | <u>179,002</u> | <u>---</u> | <u>179,002</u> |
| Total Expenses | <u>598,184</u> | <u>---</u> | <u>598,184</u> |
| Change in Net Assets | 428,529 | (156,202) | 272,327 |
| Net Assets at Beginning of Year | <u>116,119</u> | <u>172,329</u> | <u>288,448</u> |
| Net Assets at End of Year | \$ <u>544,648</u> | \$ <u>16,127</u> | \$ <u>560,775</u> |

See independent auditor's report and accompanying notes to financial statements.

TALISMAN THERAPEUTIC RIDING, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---|------------------------------------|-------------------|
| REVENUE AND OTHER SUPPORT | | | |
| Contributions | \$ 151,521 | \$ 41,479 | 193,000 |
| Grants | 44,476 | 187,174 | 231,650 |
| Non-Cash Donations | 22,285 | --- | 22,285 |
| Special Events | 241,993 | --- | 241,993 |
| Program Income | 75,970 | --- | 75,970 |
| Other Income | 34 | --- | 34 |
| Net Assets Released from Restrictions | <u>187,625</u> | <u>(187,625)</u> | <u>---</u> |
| Total Revenue and Other Support | 723,904 | 41,028 | 764,932 |
| EXPENSES | | | |
| Program Services: | | | |
| Equine-Assisted Therapeutic Activities | 350,361 | --- | 350,361 |
| Maryland Horse Discovery Center | <u>75,207</u> | <u>---</u> | <u>75,207</u> |
| Total Program Services | 425,568 | --- | 425,568 |
| Supporting Services: | | | |
| Management and General | 123,103 | --- | 123,103 |
| Fundraising | <u>173,850</u> | <u>---</u> | <u>173,850</u> |
| Total Supporting Services | <u>296,953</u> | <u>---</u> | <u>296,953</u> |
| Total Expenses | <u>722,521</u> | <u>---</u> | <u>722,521</u> |
| Change in Net Assets | 1,383 | 41,028 | 42,411 |
| Net Assets at Beginning of Year | <u>114,736</u> | <u>131,301</u> | <u>246,037</u> |
| Net Assets at End of Year | \$ <u>116,119</u> | \$ <u>172,329</u> | \$ <u>288,448</u> |

See independent auditor's report and accompanying notes to financial statements.

TALISMAN THERAPEUTIC RIDING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

| | Supporting Services | | | | |
|-------------------------|-----------------------|------------------------------|----------------------|---------------------------------|-----------------------|
| | Program Services | Management and General | Fundraising | Total Supporting Services | Total Expenses |
| Advertising | \$ 9,191 | \$ --- | \$ 21,727 | \$ 21,727 | \$ 30,918 |
| Bank Charges | 759 | --- | 759 | 759 | 1,518 |
| Casual Labor | 12,025 | 3,494 | --- | 3,494 | 15,519 |
| Computer Expense | --- | --- | --- | --- | --- |
| Depreciation Expense | 32,347 | --- | --- | --- | 32,347 |
| Dues and Subscriptions | 4,323 | 3,392 | 1,300 | 4,692 | 9,015 |
| Grant Reimbursement | 12,000 | --- | --- | --- | 12,000 |
| Horse Care/Tack | 61,289 | --- | --- | --- | 61,289 |
| Insurance | 23,151 | 3,826 | --- | 3,826 | 26,977 |
| Interest | 50,862 | --- | --- | --- | 50,862 |
| Miscellaneous | 4,684 | 761 | 761 | 1,522 | 6,206 |
| Office Expense | 3,957 | 1,978 | 1,978 | 3,956 | 7,913 |
| Payroll Taxes | 18,256 | 6,520 | 1,304 | 7,824 | 26,080 |
| Professional Fees | 2,698 | 7,380 | --- | 7,380 | 10,078 |
| Repairs and Maintenance | 3,744 | --- | --- | --- | 3,744 |
| Salaries | 172,404 | 98,692 | 21,919 | 120,611 | 293,015 |
| Special Event Expenses | --- | --- | --- | --- | --- |
| Travel | --- | --- | --- | --- | --- |
| Utilities | <u>7,492</u> | <u>3,211</u> | <u>---</u> | <u>3,211</u> | <u>10,703</u> |
| Total Expenses | \$ <u>419,182</u> | \$ <u>129,254</u> | \$ <u>49,748</u> | \$ <u>179,002</u> | \$ <u>598,184</u> |

See accompanying independent auditor's report and
notes to financial statements.

TALISMAN THERAPEUTIC RIDING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Supporting Services | | | | |
|-------------------------|-----------------------|------------------------------|-----------------------|---------------------------------|-----------------------|
| | Program Services | Management and General | Fundraising | Total Supporting Services | Total Expenses |
| Advertising | \$ 13,870 | \$ 19,017 | \$ 25,839 | \$ 44,856 | \$ 58,726 |
| Bank Charges | --- | --- | 1,897 | 1,897 | 1,897 |
| Casual Labor | --- | --- | --- | --- | --- |
| Computer Expense | 3,352 | 838 | --- | 838 | 4,190 |
| Depreciation Expense | 24,517 | --- | --- | --- | 24,517 |
| Dues and Subscriptions | 4,961 | --- | 700 | 700 | 5,661 |
| Grant Reimbursement | --- | --- | --- | --- | --- |
| Horse Care/Tack | 48,857 | --- | --- | --- | 48,857 |
| Insurance | 15,450 | 8,718 | 1,209 | 9,927 | 25,377 |
| Interest | 36,321 | 1,006 | --- | 1,006 | 37,327 |
| Miscellaneous | 2,717 | --- | --- | --- | 2,717 |
| Office Expense | 3,268 | 1,999 | 2,704 | 4,703 | 7,971 |
| Payroll Taxes | 16,878 | 5,924 | 2,173 | 8,097 | 24,975 |
| Professional Fees | 12,333 | 9,628 | --- | 9,628 | 21,961 |
| Repairs and Maintenance | 24,054 | 1,899 | --- | 1,899 | 25,953 |
| Salaries | 207,774 | 72,927 | 26,748 | 99,675 | 307,449 |
| Special Event Expenses | --- | --- | 112,580 | 112,580 | 112,580 |
| Travel | 6,629 | --- | --- | --- | 6,629 |
| Utilities | <u>4,587</u> | <u>1,147</u> | <u>---</u> | <u>1,147</u> | <u>5,734</u> |
| Total Expenses | \$ <u>425,568</u> | \$ <u>123,103</u> | \$ <u>173,850</u> | \$ <u>296,953</u> | \$ <u>722,521</u> |

See accompanying independent auditor's report and
notes to financial statements.

TALISMAN THERAPEUTIC RIDING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR 2022)

| | <u>2023</u> | <u>2022</u> |
|---|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 272,327 | \$ 42,411 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation | 32,347 | 24,517 |
| Changes in Operating Assets and Liabilities: | | |
| (Increase) in Accounts Receivable | (33,706) | (7,053) |
| (Increase) Decrease in Other Receivables | 126 | (126) |
| Decrease in Promises to Give | --- | 10,000 |
| (Increase) Decrease in Grants Receivable | 70,928 | (132,699) |
| Decrease (Increase) in Prepaid Expenses | (489) | 4,139 |
| Increase (Decrease) in Accounts Payable | (20,397) | 28,900 |
| Increase (Decrease) in Customer Deposits | (7,747) | 7,747 |
| Increase in Payroll Liabilities | <u>999</u> | <u>3,147</u> |
| Net Cash Provided (Used) by Operating Activities | 314,388 | (19,017) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | <u>(311,414)</u> | <u>(49,042)</u> |
| Net Cash Used by Investing Activities | (311,414) | (49,042) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Long-Term Debt | 28,700 | --- |
| Payments on Long-Term Debt | <u>(15,331)</u> | <u>(12,168)</u> |
| Net Cash Provided (Used) by Financing Activities | <u>13,369</u> | <u>(12,168)</u> |
| NET INCREASE (DECREASE) IN CASH | 16,343 | (80,227) |
| CASH , BEGINNING OF YEAR | <u>27,739</u> | <u>107,966</u> |
| CASH, END OF YEAR | \$ <u><u>44,082</u></u> | \$ <u><u>27,739</u></u> |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Cash Paid for Interest | \$ <u><u>50,862</u></u> | \$ <u><u>37,327</u></u> |

See accompanying independent auditor's report and
notes to financial statements.

TALISMAN THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR 2022)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Talisman Therapeutic Riding, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements.

Nature of Activities

Talisman Therapeutic Riding, Inc. is a not-for-profit organization whose mission is to serve those who can prosper by the talismanic healing nature of horses with the guidance of professional therapists and instructors in a peaceful farm setting.

Basis of Presentation

The financial statements of Talisman Therapeutic Riding, Inc. have been prepared using the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities. Using this method, revenues are recognized when earned and expenses are recognized when the obligation is incurred. The significant accounting policies followed by the Organization are described below:

Financial Statement Presentation

The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and accordingly reflect all significant receivables, payables, and other liabilities. Using this method, revenues are recognized when earned and expenses are recognized when the obligation is incurred and are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose to achieve the objectives of the Organization.
- *Net Assets with Donor Restrictions* - Net assets subject to donor-imposed stipulations intended to be met either by actions of the Organization and/or the passage of time or for which the donor has stipulated that the principal be maintained in perpetuity. As the restrictions are satisfied net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying financial statements as net assets released from restrictions.

Contributions with donor-imposed restrictions that are received and spent in the same year have been recorded as unrestricted.

TALISMAN THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR 2022)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and grants to the Organization are recorded as revenue without donor restrictions unless designated by the donor as restricted for a specified purpose of the Organization. Grants are recorded as revenue when received or when conditions of the grant agreement are met. Any income earned from the investment of donor-restricted contributions is considered to be income without donor restrictions unless specified otherwise by the donor. Realized and unrealized gains on investments are recorded as revenue without donor restrictions unless otherwise specified by the donor.

Marketable securities that are received as contributions are sold with the proceeds utilized according to the donor's restrictions, if any.

Revenue and Support

The Organization has adopted Accounting Standards Update (ASU) No.2014-19 - Revenue from Contracts with Customers (Topic 606), as amended. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore, no changes to the previously issued financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Fees for rider sessions are recognized as revenue at the time the services are provided. As a result, any revenues associated with prepaid sessions are reported as deferred revenues until earned.

Contributions and grants to the Organization are recorded as revenue without donor restrictions, unless designated by the donor as restricted for a specified purpose of the Organization. Grants are recorded as revenue when received or when conditions of the grant agreement are met. Any income earned from the investment of donor-restricted contributions, including realized and unrealized gains, is considered to be income without donor restrictions, unless specified otherwise by the donor.

Restrictions on gifts of fixed assets or cash for the purpose of acquiring fixed assets expire when the asset is placed in service.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers cash and cash equivalents to be cash in banks and money market funds generally due within three months.

At December 31, 2023 and 2022, the balances of cash and cash equivalents accounts were adequately insured by FDIC coverage.

TALISMAN THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR 2022)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment and Depreciation

Property and equipment are carried at cost. The Organization's policy is to charge additions to the asset account in excess of \$250 if the item's useful life extends beyond the current period: However, the cost of repairs, maintenance and minor betterments are charged to operations in the year in which the cost is incurred. Asset and accumulated depreciation accounts are relieved when properties are retired or sold. Gains and losses from the sale of properties are included in income.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is computed using the straight-line and accelerated methods over the estimated useful lives of the assets.

The following are the estimated useful lives of each class of depreciable property:

| | |
|----------------------------|---------------|
| Buildings and Improvements | 15 - 39 years |
| Equipment | 5 - 7 years |

Estimates

The preparation of financial statements in conformity with generally accepted accounting policies requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated Services, Materials and Facilities

The Organization records donated services, materials and facilities at their estimated fair value in the period received as in-kind support, with an equivalent entry in the appropriate expense account.

Refer to Note 6 regarding details for contributed goods and services received during the years ended December 31, 2023 and 2022, respectively.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

TALISMAN THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR 2022)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

The Organization receives advance registrations and deposits for rider sessions held subsequent to the year end. These revenues are recorded as a liability of the Organization until the program occurs.

Expense Allocation

The Organization has two programs: equine therapy and horse discovery. Directly identifiable expenses are charged to the program or supporting services to which the expenses relate. Management and general expenses include those expenses that are not directly identifiable to the program but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is a public charity that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Fair Value Measurements

In September 2006, the FASB issued Statement No. 157, Fair Value Measurements (FASB ASC 820-10-20). FASB 820-10-20 establishes a framework for measuring fair value, clarifies the definition of fair value within that framework and expands disclosure requirements regarding the use of fair value measurements.

FASB ASC 820-10-20 establishes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy are defined as follows:

Level 1- Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

Level 2- Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

TALISMAN THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR 2022)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements - continued

Level 3- Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

The assets of the Organization consist of cash and cash equivalents, accounts receivable, promises to give and depreciable assets. The liabilities consist of accrued expenses and notes payable. Since none of the assets or liabilities are traded on open markets or has other fair value measures, no fair value adjustments or analysis is necessary.

NOTE 2 - PROMISES TO GIVE

Unconditional promises to give at fair value on December 31, 2023 and 2022 are as follows:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------|-------------------|-------------------|
| Receivable in Less Than One Year | \$ 107,360 | \$ 144,582 |
| Receivable in One to Five Years | <u>---</u> | <u>---</u> |
| Total Unconditional Promises to Give | \$ <u>107,360</u> | \$ <u>144,582</u> |
| Discount to Net Present Value | <u>---</u> | <u>---</u> |
| Net Promises to Give | \$ <u>107,360</u> | \$ <u>144,582</u> |

Specific pledges are written off when management deems collection is not likely, All pledges were deemed collectible in 2023 and 2022.

NOTE 3 - PROPERTY AND EQUIPMENT

The property and equipment balances as of December 31, 2023 and 2022 were as follows:

| | <u>2023</u> | <u>2022</u> |
|-------------------------------|---------------------|-------------------|
| Cost | | |
| Buildings | \$ 614,417 | \$ 614,417 |
| Land | 282,577 | 282,577 |
| Land Improvements | 364,188 | 19,112 |
| Equipment | 49,826 | 45,435 |
| Herd | 8,300 | 4,000 |
| Construction in Process | <u>---</u> | <u>42,362</u> |
| Total Cost | 1,319,308 | 1,007,903 |
| Less Accumulated Depreciation | <u>(131,892)</u> | <u>(99,545)</u> |
| Net Property and Equipment | \$ <u>1,187,416</u> | \$ <u>908,358</u> |

TALISMAN THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR 2022)

NOTE 3 - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense on all property for the years ended December 31, 2023 and 2022 was \$32,347 and \$24,517, respectively.

NOTE 4 - LONG-TERM DEBT

Long-term debt consists of notes payable to Queenstown Bank, John Deere Financial, SBA, Maryland Department of Commerce and a Board Member.

The note with Queenstown Bank matures in July, 2043 and was payable in monthly installments of \$3,877 including principal and interest at 4.75%. In December, 2022, the interest rate increased to 7.75% and the new monthly payment amount is \$5,083. This loan is secured by the real property of the Organization.

The note payable to John Deere Financial is payable in monthly installments of \$163, including principal and interest at 2.90% through March, 2024, secured by the equipment financed.

The Organization took out an SBA Economic Injury Disaster Loan in September, 2020, payable in monthly installments of \$503, with interest at 2.75% through September, 2050. Per the terms of the agreement, payments were deferred until September, 2021, with an additional deferral of payments from March, 2022 through August, 2022. Interest accrued during the deferral periods, and the initial payments are applied to interest only until the accrued interest has been paid.

During 2023 the Organization entered into a loan agreement with the Maryland Department of Commerce in the principal amount of \$25,000. The loan is an interest free loan and is payable in full on September 1, 2027.

During 2023 the Organization borrowed \$3,700 from a Board Member to assist with fundraising efforts.

Maturities of long-term debt are as follows:

| Year ending December 31 | <u>Amount</u> |
|-------------------------|-------------------|
| 2024 | \$ 22,532 |
| 2025 | 19,709 |
| 2026 | 20,663 |
| 2027 | 46,666 |
| 2028 | 22,713 |
| Thereafter | <u>626,415</u> |
| Total | \$ <u>758,698</u> |

Total interest expense was \$50,862 and \$37,327 in 2023 and 2022, respectively.

TALISMAN THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR 2022)

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2023 and 2022, net assets with donor restrictions were as follows:

| | <u>2023</u> | <u>2022</u> |
|--|------------------|-------------------|
| Payroll | \$ 16,127 | \$ --- |
| Rider Sponsorships | --- | 34,880 |
| Winter Grain/Hay for Herd | --- | 4,750 |
| Capital Campaign | <u>---</u> | <u>132,699</u> |
| Total Net Assets With Donor Restrictions | \$ <u>16,127</u> | \$ <u>172,329</u> |

NOTE 6 - IN-KIND CONTRIBUTIONS

For the years ended December 31, 2023 and 2022, non-cash donations consisted of various items donated for a fundraiser auction. These items had a fair market value of \$2,700 and \$22,285, respectively.

NOTE 7 - ADVERTISING

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2023 and 2022 was \$30,918 and \$58,726, respectively.

NOTE 8 - RELATED PARTY TRANSACTIONS

Some organization directors provide contributions to support the Organization's programs. During the year ended December 31, 2023 and 2022, board members contributed a total of \$23,000 and \$128,155, respectively.

NOTE 9 - INCOME TAXES

The organization has evaluated its tax positions and has concluded that the organization had taken no uncertain tax positions that require adjustment to the financial statements. Generally, the organization is no longer subject to income tax examinations by the Federal or Maryland authorities for tax years ending before December 31, 2020.

TALISMAN THERAPEUTIC RIDING, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR 2022)

NOTE 10 - LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|------------------|
| Financial Assets at Year-End | \$ 151,442 | \$ 172,447 |
| Less Those Unavailable for General Expenditures Within One Year Due to: | | |
| Donor Restricted for Payroll | (16,127) | --- |
| Donor Restricted for Rider Lessons | --- | (34,880) |
| Donor Restricted for Winter Grain/Hay for Herd | --- | (4,750) |
| Donor Restricted for Capital Campaign | <u>---</u> | <u>(132,699)</u> |
| Financial Assets Available to Meet Cash | | |
| Needs for General Expenditures Within One Year | \$ <u>135,315</u> | \$ <u>118</u> |

The Organization closely monitors its cash flows and liquidity to ensure that general expenditures over the next 12 months will be met. The Organization is pursuing several grant and fundraising opportunities to provide sufficient cash flow to meet those general expenditures.

NOTE 11 - SUBSEQUENT EVENTS

The organization has evaluated subsequent events through November 14, 2024, the date which the financial statements were available to be issued.