

**TALISMAN THERAPEUTIC RIDING, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022 and 2021**

**TALISMAN THERAPEUTIC RIDING, INC.  
FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 and 2021**

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# DAVID SHORT & ASSOCIATES, LLC

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying financial statements of Talisman Therapeutic Riding, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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 related to our review.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*David Short & Associates, LLC*

David Short & Associates, LLC  
Easton, MD  
October 30, 2023

**TALISMAN THERAPEUTIC RIDING, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 and 2021**

|  | <b>2022</b>  | <b>2021</b>  |
|--|--------------|--------------|
| <b><u>ASSETS</u></b>                                       |              |              |
| <b>CURRENT ASSETS</b>                                      |              |              |
| Cash   | \$ 27,739    | \$ 107,966   |
| Accounts Receivable  | 11,883       | 4,830        |
| Other Receivables  | 126          | -            |
| Grants Receivable  | 132,699      | -            |
| Prepaid Expenses   | 6,728        | 10,867       |
| Promises to Give, Current Portion                          | -            | 10,000       |
| TOTAL CURRENT ASSETS                                       | 179,175      | 133,663      |
| PROPERTY AND EQUIPMENT, NET OF<br>ACCUMULATED DEPRECIATION | 908,358      | 883,833      |
| TOTAL ASSETS   | \$ 1,087,533 | \$ 1,017,496 |
| <b><u>LIABILITIES AND NET ASSETS</u></b>                   |              |              |
| <b>CURRENT LIABILITIES</b>                                 |              |              |
| Accounts Payable   | \$ 39,315    | \$ 484       |
| Credit Cards Payable                                       | 3,547        | 13,478       |
| Deferred Revenue   | 7,747        | -            |
| Payroll Liabilities  | 3,147        | -            |
| Current Maturities of Long-Term Debt                       | 22,459       | 18,551       |
| TOTAL CURRENT LIABILITIES                                  | 76,215       | 32,513       |
| <b>LONG-TERM LIABILITIES</b>                               |              |              |
| Notes Payable, Net of Current Maturities                   | 722,870      | 738,946      |
| TOTAL LONG-TERM LIABILITIES                                | 722,870      | 738,946      |
| TOTAL LIABILITIES  | 799,085      | 771,459      |
| <b>NET ASSETS</b>  |              |              |
| Without Donor Restrictions                                 | 116,119      | 114,736      |
| With Donor Restrictions                                    | 172,329      | 131,301      |
| TOTAL NET ASSETS   | 288,448      | 246,037      |
| TOTAL LIABILITIES AND NET ASSETS                           | \$ 1,087,533 | \$ 1,017,496 |

See accompanying notes and independent accountants' review report.

**TALISMAN THERAPEUTIC RIDING, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total<br/>2022</b> |
|--|---------------------------------------|------------------------------------|-----------------------|
| <b>REVENUE AND OTHER SUPPORT</b>       |                                       |                                    |                       |
| 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  | 187,625                               | (187,625)                          | -                     |
| <b>TOTAL REVENUE AND OTHER SUPPORT</b> | <b>723,904</b>                        | <b>41,028</b>                      | <b>764,932</b>        |
| <b>EXPENSES</b>                        |                                       |                                    |                       |
| Program Services                       |                                       |                                    |                       |
| Equine-Assisted Therapeutic Activities | 350,361                               | -                                  | 350,361               |
| Maryland Horse Discovery Center        | 75,207                                | -                                  | 75,207                |
| Supporting Services                    |                                       |                                    |                       |
| Management and General                 | 123,103                               | -                                  | 123,103               |
| Fundraising                            | 173,850                               | -                                  | 173,850               |
| <b>TOTAL EXPENSES</b>                  | <b>722,521</b>                        | <b>-</b>                           | <b>722,521</b>        |
| <b>CHANGE IN NET ASSETS</b>            | 1,383                                 | 41,028                             | 42,411                |
| <b>NET ASSETS, BEGINNING OF YEAR</b>   | <b>114,736</b>                        | <b>131,301</b>                     | <b>246,037</b>        |
| <b>NET ASSETS, END OF YEAR</b>         | <b>\$ 116,119</b>                     | <b>\$ 172,329</b>                  | <b>\$ 288,448</b>     |

See accompanying notes and independent accountants' review report.

**TALISMAN THERAPEUTIC RIDING, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total<br/>2021</b> |
|--|---------------------------------------|------------------------------------|-----------------------|
| <b>REVENUE AND OTHER SUPPORT</b>       |                                       |                                    |                       |
| Contributions                          | \$ 61,604                             | \$ 63,447                          | \$ 125,051            |
| Grants                                 | 34,800                                | 34,632                             | 69,432                |
| Special Events                         | 188,342                               | -                                  | 188,342               |
| Program Income                         | 36,953                                | -                                  | 36,953                |
| Realized Gain/(Loss) on Asset Disposal | 500                                   | -                                  | 500                   |
| Net Assets Released from Restrictions  | 164,822                               | (164,822)                          | -                     |
| <b>TOTAL REVENUE AND OTHER SUPPORT</b> | <b>487,021</b>                        | <b>(66,743)</b>                    | <b>420,278</b>        |
| <b>EXPENSES</b>                        |                                       |                                    |                       |
| Program Services                       |                                       |                                    |                       |
| Equine-Assisted Therapeutic Activities | 334,467                               | -                                  | 334,467               |
| Maryland Horse Discovery Center        | 104,139                               | -                                  | 104,139               |
| Supporting Services                    |                                       |                                    |                       |
| Management and General                 | 44,130                                | -                                  | 44,130                |
| Fundraising                            | 86,810                                | -                                  | 86,810                |
| <b>TOTAL EXPENSES</b>                  | <b>569,546</b>                        | <b>-</b>                           | <b>569,546</b>        |
| <b>CHANGE IN NET ASSETS</b>            | <b>(82,525)</b>                       | <b>(66,743)</b>                    | <b>(149,268)</b>      |
| <b>NET ASSETS, BEGINNING OF YEAR</b>   | <b>197,261</b>                        | <b>198,044</b>                     | <b>395,305</b>        |
| <b>NET ASSETS, END OF YEAR</b>         | <b>\$ 114,736</b>                     | <b>\$ 131,301</b>                  | <b>\$ 246,037</b>     |

See accompanying notes and independent accountants' review report.

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

|   | <u>Supporting Services</u>  |                                   |                          | <u>Total<br/>2022</u>    |
|---|-----------------------------|-----------------------------------|--------------------------|--------------------------|
|   | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fund<br/>Raising</u>  |                          |
| Advertising   | \$ 13,870                   | \$ 19,017                         | \$ 25,839                | \$ 58,726                |
| Bank Charges  | -                           | -                                 | 1,897                    | 1,897                    |
| Computer Expense  | 3,352                       | 838                               | -                        | 4,190                    |
| Depreciation Expense  | 24,517                      | -                                 | -                        | 24,517                   |
| Dues and Subscriptions  | 4,961                       | -                                 | 700                      | 5,661                    |
| Horse Care/Tack   | 48,857                      | -                                 | -                        | 48,857                   |
| Insurance   | 15,450                      | 8,718                             | 1,209                    | 25,377                   |
| Interest  | 36,321                      | 1,006                             | -                        | 37,327                   |
| Miscellaneous   | 2,717                       | -                                 | -                        | 2,717                    |
| Office expense  | 3,268                       | 1,999                             | 2,704                    | 7,971                    |
| Payroll Taxes   | 16,878                      | 5,924                             | 2,173                    | 24,975                   |
| Professional Fees   | 12,333                      | 9,628                             | -                        | 21,961                   |
| Repairs & Maintenance   | 24,054                      | 1,899                             | -                        | 25,953                   |
| Salaries  | 207,774                     | 72,927                            | 26,748                   | 307,449                  |
| Special Event Expenses  | -                           | -                                 | 112,580                  | 112,580                  |
| Travel  | 6,629                       | -                                 | -                        | 6,629                    |
| Utilities   | 4,587                       | 1,147                             | -                        | 5,734                    |
|   | <u>425,568</u>              | <u>123,103</u>                    | <u>173,850</u>           | <u>722,521</u>           |
| <b>TOTAL PROGRAM, FUNDRAISING<br/>AND SUPPORTING EXPENSES</b> | <b><u>\$ 425,568</u></b>    | <b><u>\$ 123,103</u></b>          | <b><u>\$ 173,850</u></b> | <b><u>\$ 722,521</u></b> |

See accompanying notes and independent accountants' review report.

**TALISMAN THERAPEUTIC RIDING, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|   | <u>Supporting Services</u>  |                                   |                         | <u>Total<br/>2021</u> |
|---|-----------------------------|-----------------------------------|-------------------------|-----------------------|
|   | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fund<br/>Raising</u> |                       |
| Advertising   | \$ 5,223                    | \$ -                              | \$ 14,874               | \$ 20,097             |
| Bank Charges  | -                           | -                                 | 1,682                   | 1,682                 |
| Computer Expense  | 6,801                       | -                                 | -                       | 6,801                 |
| Depreciation Expense  | 22,075                      | -                                 | -                       | 22,075                |
| Dues and Subscriptions  | 2,871                       | -                                 | 1,000                   | 3,871                 |
| Horse Care/Tack   | 57,805                      | -                                 | -                       | 57,805                |
| Insurance   | 19,761                      | 6,535                             | 1,930                   | 28,226                |
| Interest  | 30,720                      | 2,012                             | -                       | 32,732                |
| Miscellaneous   | 225                         | -                                 | 176                     | 401                   |
| Office expense  | 5,677                       | 1,301                             | 2,509                   | 9,487                 |
| Payroll Taxes   | 19,254                      | 1,846                             | 2,986                   | 24,086                |
| Professional Fees   | 13,212                      | 10,055                            | -                       | 23,267                |
| Repairs & Maintenance   | 29,843                      | 1,461                             | -                       | 31,304                |
| Salaries  | 218,195                     | 20,920                            | 33,837                  | 272,952               |
| Special Event Expenses  | 1,866                       | -                                 | 27,783                  | 29,649                |
| Travel  | 3,188                       | -                                 | 33                      | 3,221                 |
| Utilities   | 1,890                       | -                                 | -                       | 1,890                 |
|   | <u>\$ 438,606</u>           | <u>\$ 44,130</u>                  | <u>\$ 86,810</u>        | <u>\$ 569,546</u>     |
| <b>TOTAL PROGRAM, FUNDRAISING<br/>AND SUPPORTING EXPENSES</b> | <b>\$ 438,606</b>           | <b>\$ 44,130</b>                  | <b>\$ 86,810</b>        | <b>\$ 569,546</b>     |

See accompanying notes and independent accountants' review report.



**TALISMAN THERAPEUTIC RIDING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 and 2021**

|   | <b>2022</b>      | <b>2021</b>       |
|---|------------------|-------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |                  |                   |
| Change in Net Assets  | \$ 42,411        | \$ (149,268)      |
| Adjustments to Reconcile Change in Net Assets<br>to Net Cash From Operating Activities: |                  |                   |
| Depreciation  | 24,517           | 22,075            |
| Changes in Operating Assets and Liabilities:  |                  |                   |
| (Increase)/Decrease in Accounts Receivable  | (7,053)          | 3,829             |
| Increase in Other Receivables   | (126)            | -                 |
| Decrease in Promises to Give  | 10,000           | 25,000            |
| Increase in Grants Receivable   | (132,699)        | -                 |
| Decrease/(Increase) in Prepaid Expenses   | 4,139            | (7,382)           |
| Increase/(Decrease) in Accounts Payable   | 28,900           | (2,651)           |
| Increase in Customer Deposits   | 7,747            | -                 |
| Increase in Payroll Liabilities   | 3,147            | 6,792             |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>   | <b>(19,017)</b>  | <b>(101,605)</b>  |
| <br><b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |                  |                   |
| Purchase of Fixed Assets  | (49,042)         | (17,591)          |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>   | <b>(49,042)</b>  | <b>(17,591)</b>   |
| <br><b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |                  |                   |
| Loan payments   | (12,168)         | (17,769)          |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>   | <b>(12,168)</b>  | <b>(17,769)</b>   |
| <br><b>NET DECREASE IN CASH</b>   | <b>(80,227)</b>  | <b>(136,965)</b>  |
| <br><b>CASH, BEGINNING OF YEAR</b>  | <b>107,966</b>   | <b>244,931</b>    |
| <br><b>CASH, END OF YEAR</b>  | <b>\$ 27,739</b> | <b>\$ 107,966</b> |
| <br><b>Supplemental Cash Flow Information:</b>  |                  |                   |
| Cash Paid for Interest  | \$ 37,327        | \$ 32,732         |

See accompanying notes and independent accountants' review report.

**TALISMAN THERAPEUTIC RIDING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**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.

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.

See independent accountants' review report.

**TALISMAN THERAPEUTIC RIDING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**Note 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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, 2022 and 2021, the balances of cash and cash equivalents accounts were adequately insured by FDIC coverage.

**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   |

See independent accountants' review report.

**TALISMAN THERAPEUTIC RIDING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**Note 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

During the year ended December 31, 2021, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. Refer to Note 6 regarding details for contributed goods and services received during the year ended December 31, 2022.

**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.

**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.

See independent accountants' review report.

**TALISMAN THERAPEUTIC RIDING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**Note 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fair Value Measurements - continued**

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.

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, 2022 and 2021 are as follows:

|                                      | <u>2022</u>       | <u>2021</u>      |
|--------------------------------------|-------------------|------------------|
| Receivable in less than one year     | \$ 144,582        | \$ 10,000        |
| Receivable in one to five years      | -                 | -                |
| Total unconditional promises to give | <u>\$ 144,582</u> | <u>\$ 10,000</u> |
| Discount to net present value        | -                 | -                |
| Net promises to give                 | <u>\$ 144,582</u> | <u>\$ 10,000</u> |

Specific pledges are written off when management deems collection is not likely. All pledges were deemed collectible in 2022 and 2021.

See independent accountants' review report.

**TALISMAN THERAPEUTIC RIDING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**Note 3. PROPERTY AND EQUIPMENT**

The property and equipment balances as of December 31, 2022 and 2021 were as follows:

|                                | <u>2022</u>       | <u>2021</u>       |
|--------------------------------|-------------------|-------------------|
| Cost                           |                   |                   |
| Buildings                      | \$ 614,417        | \$ 614,417        |
| Land                           | 282,577           | 282,577           |
| Land Improvements              | 19,112            | 19,112            |
| Equipment                      | 45,435            | 38,754            |
| Herd                           | 4,000             | 4,000             |
| Construction in Progress       | 42,362            | -                 |
| Total Cost                     | <u>1,007,903</u>  | <u>958,860</u>    |
| Less: Accumulated Depreciation | <u>(99,545)</u>   | <u>(75,027)</u>   |
| Net Property and Equipment     | <u>\$ 908,358</u> | <u>\$ 883,833</u> |

Depreciation expense on all property for the years ended December 31, 2022 and 2021 were \$24,517 and \$22,075, respectively.

**Note 4. LONG-TERM DEBT**

Long-term debt consists of notes payable to Queenstown Bank, John Deere Financial and SBA.

The note with Queenstown Bank matures in July, 2043 and was payable in monthly installments of \$3,877.20 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 \$163.14, 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.

Maturities of long-term debt are as follows:

| <u>Year ending</u><br><u>December 31</u> | <u>Amount</u>    |
|--|------------------|
| 2023                                     | \$22,459         |
| 2024                                     | 21,498           |
| 2025                                     | 21,949           |
| 2026                                     | 22,964           |
| 2027                                     | 24,016           |
| Thereafter                               | <u>632,443</u>   |
|  | <u>\$745,329</u> |

Total interest expense was \$37,327 and \$32,732 in 2022 and 2021, respectively.

See independent accountants' review report.

**TALISMAN THERAPEUTIC RIDING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 5. NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2022 and 2021, net assets with donor restrictions were as follows:

|   | <u>2022</u>          | <u>2021</u>           |
|---|----------------------|-----------------------|
| Rider Sponsorships                              | \$ 34,880            | \$ 17,930             |
| Winter Grain/Hay for Herd                       | 4,750                | -                     |
| Capital Campaign                                | <u>132,699</u>       | <u>113,371</u>        |
| <br>Total Net Assets with<br>Donor Restrictions | <br><u>\$172,329</u> | <br><u>\$ 131,301</u> |

**Note 6. IN-KIND CONTRIBUTIONS**

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

**Note 7. ADVERTISING**

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2021 and 2022 was \$82,177 and \$20,097, respectively.

**Note 8. RELATED PARTY TRANSACTIONS**

Some organization directors provide contributions to support the Organization's programs. During the year ended December 31, 2022 and 2021, board members contributed a total of \$128,155 and \$98,219, 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, 2019.

See independent accountants' review report.

**TALISMAN THERAPEUTIC RIDING, INC.**  
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**Note 10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

|   | <u>2022</u>      | <u>2021</u>       |
|---|------------------|-------------------|
| Financial assets at year-end  | \$ 172,447       | \$117,996         |
| Less those unavailable for general expenditures within one year due to:               |                  |                   |
| Donor restricted for rider lessons  | (34,880)         | (17,930)          |
| Donor restricted for winter grain/hay for herd  | (4,750)          | -                 |
| Donor restricted for capital campaign   | <u>(132,699)</u> | <u>(113,371)</u>  |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 118</u>    | <u>\$(13,305)</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 October 30, 2023, the date which the financial statements were available to be issued.

See independent accountants' review report.