

Reviewed
Financial
Statements

December 31,
2021

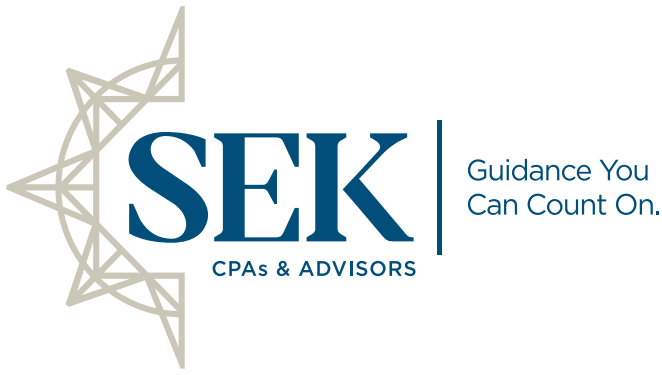
Shining Stars Therapeutic Riding Program, Inc.

Shining Stars



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees
Shining Stars Therapeutic Riding Program, Inc.
Gettysburg, Pennsylvania

We have reviewed the accompanying financial statements of Shining Stars Therapeutic Riding Program, Inc. (a non-profit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of December 31, 2021, and the related statements of support, revenue, and expenses and changes in net assets, functional expenses and cash flows, all on a modified cash basis, for the year 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Shining Stars Therapeutic Riding Program, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our review.

Accountant's 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 the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Amite Elliott Hearn & Company, LLC

Hanover, Pennsylvania
September 22, 2022

SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.
Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis
December 31, 2021

ASSETS

Cash	\$	185,652
Investments		503
Property and equipment, net		<u>517,723</u>
TOTAL ASSETS	\$	<u>703,878</u>

LIABILITIES AND NET ASSETS

Liabilities

Credit card payable	\$	3,232
Long-term debt		<u>206,494</u>
Total Liabilities		<u>209,726</u>

Net Assets

Without donor restrictions		486,630
With donor restrictions		<u>7,522</u>
Total Net Assets		<u>494,152</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u>703,878</u>
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SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.
Statement of Support, Revenue, and Expenses and
Change in Net Assets – Modified Cash Basis
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Program services	\$ 16,300	\$ 1,345	\$ 17,645
Contributions and grants	185,782	6,174	191,956
Special events	71,252	-	71,252
Net investment return	-	3	3
Other income	2,905	-	2,905
Net assets released from restrictions	4,969	(4,969)	-
	<u>281,208</u>	<u>2,553</u>	<u>283,761</u>
EXPENSES			
Program services	123,172	-	123,172
General and administrative	37,213	-	37,213
Fundraising	22,058	-	22,058
	<u>182,443</u>	<u>-</u>	<u>182,443</u>
Change in net assets	98,765	2,553	101,318
NET ASSETS AT BEGINNING OF YEAR - As Restated			
	<u>387,865</u>	<u>4,969</u>	<u>392,834</u>
NET ASSETS AT END OF YEAR			
	<u>\$ 486,630</u>	<u>\$ 7,522</u>	<u>\$ 494,152</u>

SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.
Statement of Functional Expenses – Modified Cash Basis
Year Ended December 31, 2021

	Program Services	Supporting Services		Totals
		General and Administrative	Fundraising	
Expenses Directly Allocated				
Payroll and related employee expenses	\$ 42,427	\$ 11,420	\$ -	\$ 53,847
Fundraising expenses	-	-	22,058	22,058
Office supplies	-	1,046	-	1,046
Professional fees	-	3,195	-	3,195
Vehicle expenses	3,789	-	-	3,789
Interest	-	7,968	-	7,968
Insurance	1,174	-	-	1,174
Program expense	3,270	-	-	3,270
Horse expenses	30,333	-	-	30,333
General administrative	-	8,096	-	8,096
Repairs and maintenance	8,514	-	-	8,514
Dues and subscriptions	-	370	-	370
Bank fees	-	1,556	-	1,556
Property taxes	4,402	-	-	4,402
Repayment of PPP loan	-	2,127	-	2,127
Miscellaneous	-	355	-	355
Depreciation	16,582	-	-	16,582
Rent	7,284	-	-	7,284
Utilities	3,730	-	-	3,730
Internet and telephone	1,667	1,080	-	2,747
	<u>\$ 123,172</u>	<u>\$ 37,213</u>	<u>\$ 22,058</u>	<u>\$ 182,443</u>

SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.
Statement of Cash Flows – Modified Cash Basis
Years Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 101,318
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	16,712
Net realized and unrealized (gain) on investments	(3)
(Decrease) in credit card payable	<u>(889)</u>
Net Cash Provided By Operating Activities	<u>117,138</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	(29,204)
Purchases of investments	<u>(500)</u>
Net Cash (Used) By Investing Activities	<u>(29,704)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long term debt	<u>(11,036)</u>
Net Cash (Used) By Financing Activities	<u>(11,036)</u>
Net Increase in Cash	76,398

CASH AT BEGINNING OF YEAR

109,254

CASH AT END OF YEAR

\$ 185,652

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest paid	<u>\$ 7,838</u>
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SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Shining Stars Therapeutic Riding Program, Inc. (a Pennsylvania non-profit corporation) (“the Organization”) seeks to provide therapeutic horsemanship programs to children, adults, and families with special needs in order to improve physical, mental, emotional, and social areas of their lives. The Organization exists to embrace the community with hope and unconditional love by service individuals with special needs in order to develop strength, build confidence, and achieve goals. Families get the therapy they need from the horses they love.

A significant portion of the Organization’s support is provided by local individuals, businesses, and grants located primarily in York and Adams Counties.

Basis of Accounting

The Organization prepares its financial statements on the modified cash basis of accounting. Under the modified cash basis of accounting, assets, liabilities, revenues and expenses are recognized on the basis of cash receipts and cash disbursements, modified for the capitalization and depreciation of property and equipment, recording of long-term debt and recording of certain assets and accruals which is a comprehensive basis of accounting other than generally accepted accounting principles.

Basis of Presentation

Net assets and support, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions- Net assets that are not subject to donor-imposed stipulations, including those that are Board designated. The Organization presently has no Board designated net assets.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time or are to be maintained permanently by the Organization.

Cash and Cash Equivalents

The Organization considers all unrestricted, highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Disclosure of Off-Balance Sheet Credit Risk

The Organization maintains its cash balances in financial institutions located in Pennsylvania. Cash deposits may exceed the federally insured limits at various times throughout the year. Management does not believe there is a significant risk of loss as a result of these excess deposits.

Property and Equipment

Acquisitions of property and equipment are stated at cost and depreciated using the straight-line method over the estimated average useful lives of the assets as follows: buildings and leasehold improvements, fifteen - thirty-nine years; and horses and equipment, five - ten years. Land is stated at cost and is not depreciated. The Organization's policy is to capitalize purchases of \$1,000 or more.

Investments

The Organization carries investments at fair value in the statement of assets, liabilities and net assets – modified cash basis. Realized and unrealized gains and losses are reported along with dividends, interest, and other investment income in the accompanying statement of support, revenue, and expenses and changes in net assets – modified cash basis and charged to net assets without donor restrictions unless the donor stipulates otherwise.

Investments of the Organization are exposed to various risks, such as interest rate, market, currency and credit risks. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that the changes in the value of investment securities will occur in the near term and that such changes could materially affect investment assets reported in the financial statements.

Contributions and Grants

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution or grant is received, the Organization reports the support as without donor restrictions. Otherwise, when a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of support, revenue, and expenses and changes in net assets – modified cash basis as released from restrictions.

SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

A number of individual volunteers and businesses have donated significant amounts of time to the Organization's program services and fundraising activities. The value of this contributed time is not reflected in the accompanying financial statements since it is not susceptible to objective measurement or valuation.

Program Service Revenues

Program service revenues are based on rates established by the Organization for services provided. Revenues are reported upon receipt of payment for services rendered.

Functional Expense Classification

The cost of providing the various programs and other activities are summarized on a functional basis in the statements of support, revenue, and expenses and changes in net assets and functional expenses – both on the modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services consist of general and administrative expenses and fundraising expenses. Employee related expenses are allocated based on estimated time and effort of the Organization's employees. All other expenses are directly allocated.

Debt Issuance Cost

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the debt liability. Amortization of debt issuance costs is reported as a component of interest expense. Amortization is computed using the straight-line method, which is not materially different than the effective interest method.

Income Taxes

The Organization has elected under provisions of the Internal Revenue Code Section 501(c)(3), and under the laws of the Commonwealth of Pennsylvania to be exempt from federal and state income taxes. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization is not deemed to be a private foundation by the Internal Revenue Service.

The Organization follows the FASB Accounting Standards Codification, which provides guidance on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The Organization's policy is to recognize interest and penalties on unrecognized tax matters in income tax expense in the financial statements. The Organization's tax returns are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed.

SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2021:

Land	\$	91,700
Buildings and leasehold improvements		421,153
Horses and equipment		54,082
		<u>566,935</u>
Accumulated depreciation		<u>(49,212)</u>
	\$	<u>517,723</u>

Depreciation expense amounted to \$16,582 for the year ended December 31, 2021.

NOTE 3 INVESTMENTS

Investments were comprised of the following at December 31, 2021:

	Cost	Fair Market Value	Unrealized Gain (Loss)
Mutual funds	<u>\$ 500</u>	<u>\$ 503</u>	<u>\$ 3</u>

NOTE 4 FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under Topic 820 are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.
Notes to Financial Statements

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable inputs for the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value.

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Intermediate Core-Plus Bond	\$ 503	\$ -	\$ -	\$ 503
Total assets at fair value	\$ 503	\$ -	\$ -	\$ 503

NOTE 5 LONG-TERM DEBT

Long-term debt consists of the following as of December 31, 2021:

Traditions Bank

Term Loan; due December 28, 2025; payable in monthly installments of \$1,293 including principal and interest for five years with a final balloon payment; interest is fixed at 3.60%; secured by property purchased with total carrying value of \$357,401 at December 31, 2021.

\$ 208,964

Less debt issuance costs, net

(2,470)

Total Debt

\$ 206,494

SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.
Notes to Financial Statements

NOTE 5 LONG-TERM DEBT (CONTINUED)

Aggregate maturities of long-term debt, assuming no change in payment terms, consist of the following as of December 31, 2021:

2022	\$	8,128
2023		8,426
2024		8,734
2025		<u>183,676</u>
	\$	<u>208,964</u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021:

Subject to expenditure for specific purposes		
Program scholarships	\$	1,345
Horse sponsorships		5,674
Legacy giving for growth of Organization		<u>503</u>
	\$	<u>7,522</u>

NOTE 7 PRIOR PERIOD RESTATEMENT

Net assets at the beginning of the year have been adjusted to account for reporting errors that occurred in prior years. The cumulative effect on the restatement decreases net assets by \$2,706 as of December 31, 2020 as noted below:

	Net Assets		Change in Net Assets
	Without donor restrictions	With donor restrictions	
Beginning Net Assets, as Originally Reported	\$ 337,156	\$ 58,384	\$ 395,540
Prior Period Restatement:			
To eliminate pledges receivable from financial statements being reported on the modified cash basis	(10,995)	-	(10,995)
To eliminate accounts payable from financial statements being reported on the modified cash basis	8,289	-	8,289
To reclass net assets improperly reported as restricted	<u>53,415</u>	<u>(53,415)</u>	<u>-</u>
Net Prior Period Restatement	<u>50,709</u>	<u>(53,415)</u>	<u>(2,706)</u>
Beginning Net Assets, as Restated	<u>\$ 387,865</u>	<u>\$ 4,969</u>	<u>\$ 392,834</u>

SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.
Notes to Financial Statements

NOTE 8 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of assets, liabilities, and net assets – modified cash basis date for general expenditures as of December 31, 2021 consist of \$178,633 in cash. Cash in the amount of \$7,019 and investments in the amount of \$503, totaling \$7,522, have been excluded for amounts designated by donors for certain purpose restrictions. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 9 OPERATING LEASE

The Organization has an operating lease agreement for the learning center located at 3185 York Rd, Gettysburg. Payments are due on the first of each month in the amount of \$600. The lease continues on a yearly basis until the property is sold or the agreement is changed. Future minimum lease payments required under operating leases at December 31, 2021 amount to \$7,200 annually. Total lease expense for the year ended December 31, 2021, totaled \$7,284.

NOTE 10 RELATED PARTIES

The Organization receives contributions and special event revenue from board members, employees, and family members of board members and employees. For the year ended December 31, 2021, contributions and special event revenues from these related parties were \$21,452. The Organization also leases three properties to related parties essentially for free, as each only pays \$1 per month.

NOTE 11 CONTINGENCIES

Global events in the United States and around the world, such as a pandemic or international conflicts have and could continue to cause business disruption. While such disruptions is expected to be temporary, there is considerable uncertainty about the duration and extent of the economic impact such events could have on the Organization.

NOTE 12 SUBSEQUENT EVENTS

The Organization has evaluated events and transactions subsequent to December 31, 2021 through September 22, 2022, the date these financial statements were available to be issued. Based on the definitions and requirements of the modified cash basis of accounting, management has identified one event that has occurred subsequent to December 31, 2021 and through September 22, 2022 that require recognition or disclosure in the financial statements.

Subsequent to year end, on May 26, 2022, the Organization signed a \$1,275,000 contract to purchase a 60 acre farm with an expected settlement date in October 2022. The purchase of the property is being funded through a 2022 capital campaign.