

Audited  
Financial  
Statements

December 31,  
2022

# Shining Stars



Therapeutic Riding Program

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## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Opinion***

We have audited the accompanying financial statements of Shining Stars Therapeutic Riding Program, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2022, and the related statements of support, revenue, and expenses and changes in net assets, cash flows, and functional expenses, all on a modified cash basis, 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 assets, liabilities, and net assets of Shining Stars Therapeutic Riding Program, Inc. as of December 31, 2022, and its support, revenue, and expenses, and cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

### ***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 Shining Stars Therapeutic Riding Program, 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 audit opinion.

### ***Emphasis of Matter – Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on 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 opinion is not modified with respect to this matter.

### ***Responsibilities of Management 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.

## ***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, including omissions, 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 Shining Stars Therapeutic Riding Program, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting polices 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 Shining Stars Therapeutic Riding Program, 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 audit findings, and certain internal control related matters that we identified during the audit.

*Amite Elliott Hearn & Company, LLC*

Hanover, Pennsylvania  
November 8, 2023

**SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.**  
**Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis**  
**December 31, 2022**

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**ASSETS**

Cash	\$	250,368
Investments		428
Property and equipment, net		<u>1,801,212</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>2,052,008</u></b>

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**LIABILITIES AND NET ASSETS**

**Liabilities**

Credit card payable	\$	3,848
Payroll liabilities		1,093
Loan due on demand		295,366
Long-term debt		<u>197,183</u>
Total Liabilities		<u>497,490</u>

**Net Assets**

Without donor restrictions		1,546,908
With donor restrictions		<u>7,610</u>
Total Net Assets		<u>1,554,518</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>2,052,008</u></b>
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**SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.**  
**Statement of Support, Revenue, and Expenses and Changes in Net Assets -**  
**Modified Cash Basis**  
**Year Ended December 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Program services	\$ 24,105	\$ -	\$ 24,105
Contributions and grants	1,250,955	7,610	1,258,565
Special events	65,753	-	65,753
Net investment return	(75)	-	(75)
Other income	479	-	479
Net assets released from restrictions	7,522	(7,522)	-
Total Revenue and Support	<u>1,348,739</u>	<u>88</u>	<u>1,348,827</u>
<b>EXPENSES</b>			
Program services	218,901	-	218,901
General and administrative	48,545	-	48,545
Fundraising	21,015	-	21,015
Total Expenses	<u>288,461</u>	<u>-</u>	<u>288,461</u>
Change in net assets	1,060,278	88	1,060,366
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>486,630</u>	<u>7,522</u>	<u>494,152</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,546,908</u>	<u>\$ 7,610</u>	<u>\$ 1,554,518</u>

**SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.**  
**Statement of Functional Expenses- Modified Cash Basis**  
**Year Ended December 31, 2022**

	Program Services	Supporting Services		Totals
		General and Administrative	Fundraising	
<b>Expenses Directly Allocated</b>				
Payroll and related employee expenses	\$ 69,143	\$ 11,420	\$ -	\$ 80,563
Fundraising expenses	-	-	21,015	21,015
Office supplies	-	3,580	-	3,580
Professional fees	-	10,643	-	10,643
Vehicle expenses	4,400	-	-	4,400
Interest	-	11,206	-	11,206
Insurance	39,741	-	-	39,741
Program expense	6,015	-	-	6,015
Horse expenses	35,745	-	-	35,745
General administrative	-	7,997	-	7,997
Repairs and maintenance	13,562	-	-	13,562
Dues and subscriptions	-	1,255	-	1,255
Bank fees	-	1,258	-	1,258
Property taxes	9,677	-	-	9,677
Depreciation	27,377	-	-	27,377
Rent	7,200	-	-	7,200
Utilities	3,018	-	-	3,018
Loss on disposal of assets	714	-	-	714
Internet and telephone	2,309	1,186	-	3,495
	<u>\$ 218,901</u>	<u>\$ 48,545</u>	<u>\$ 21,015</u>	<u>\$ 288,461</u>

**SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.**  
**Statement of Cash Flows- Modified Cash Basis**  
**Year Ended December 31, 2022**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 1,060,366
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	27,507
Net realized and unrealized loss on investments	75
Loss on sale of property and equipment	714
Increase in credit card payable	616
Increase in payroll liabilities	<u>1,093</u>
Net Cash Provided By Operating Activities	<u>1,090,371</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Capital expenditures	<u>(1,311,580)</u>
Net Cash (Used) By Investing Activities	<u>(1,311,580)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments on loan due on demand	(4,634)
Payments on long term debt	(9,441)
Borrowings on loan due on demand	<u>300,000</u>
Net Cash Provided By Financing Activities	<u>285,925</u>

Net Increase in Cash 64,716

**CASH AT BEGINNING OF YEAR** 185,652

**CASH AT END OF YEAR** \$ 250,368

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**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Interest paid	<u><u>\$ 11,076</u></u>
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# SHINING STARS THERAPEUTIC RIDING PROGRAM, INC.

## Notes to Financial Statements

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### ***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 serving 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.

#### ***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.

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

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***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 - twenty five 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.

***Contributed Services and Capital Assets***

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.

The Organization also received a significant amount of capital assets, including equipment. The value of these contributed assets is not reflected in the accompanying financial statements in accordance with the modified cash basis of accounting.

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

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***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.

***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.

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

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**NOTE 2 PROPERTY AND EQUIPMENT**

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Property and equipment consist of the following as of December 31, 2022:

Land	\$	554,601
Buildings and leasehold improvements		1,186,170
Horses and equipment		135,244
		<u>1,876,015</u>
Accumulated depreciation		<u>(74,803)</u>
	\$	<u>1,801,212</u>

Depreciation expense amounted to \$27,377 for the year ended December 31, 2022.

**NOTE 3 INVESTMENTS**

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Investments were comprised of the following at December 31, 2022:

	<b>Cost</b>	<b>Fair Market Value</b>	<b>Unrealized Gain (Loss)</b>
Mutual funds	<u>\$ 500</u>	<u>\$ 428</u>	<u>\$ (72)</u>

**NOTE 4 FAIR VALUE MEASUREMENTS**

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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:

- 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.

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

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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

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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, 2022.

**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.

<b>Assets at Fair Value as of December 31, 2022</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds				
Intermediate Core-Plus Bond	\$ 428	\$ -	\$ -	\$ 428
Total assets at fair value	<u>\$ 428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 428</u>

**NOTE 5 INTEREST IN NET ASSETS OF A COMMUNITY FOUNDATION**

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Shining Stars Therapeutic Riding Program, Inc. is currently the beneficiary of a donor contributed endowment fund at The Adams County Community Foundation (Foundation), a community foundation. The Foundation maintains variance power over distributions from this fund. As beneficiary, the Organization will become entitled to distributions from the fund once the balance reaches \$10,000 and based upon the Foundation's spending policy.

In accordance with the modified cash basis of accounting, this designated endowment fund created by contributors to a Foundation is not an asset of the Organization and is not reflected in the statement of financial position. As of December 31, 2022, the balance of the designated fund amounted to \$8,412.

**NOTE 6 LOAN DUE ON DEMAND**

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The Organization entered into a \$300,000 loan due on demand during 2022 with Traditions Bank. The balance as of December 31, 2022 was \$295,366. The loan requires monthly interest only payments. Interest is calculated based on highest prime rate published in *The Wall Street Journal*. As of December 31, 2022, the interest rate was 7.50%. The loan due on demand is secured by assets of the Organization.

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

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**NOTE 7 LONG-TERM DEBT**

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Long-term debt consists of the following as of December 31, 2022:

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 \$347,995 at December 31, 2022.	\$ 199,523
Less debt issuance costs, net	<u>(2,340)</u>
Total Debt	<u>\$ 197,183</u>

Aggregate maturities of long-term debt, assuming no change in payment terms, consist of the following as of December 31, 2022:

2023	\$ 8,455
2024	8,783
2025	<u>182,285</u>
	<u>\$ 199,523</u>

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

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Net assets with donor restrictions consist of the following at December 31, 2022:

Subject to expenditure for specific purposes	
Program scholarships	<u>\$ 7,610</u>

**NOTE 9 LIQUIDITY AND AVAILABILITY**

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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, 2022 consist of \$243,186 in cash and investments. Cash in the amount of \$7,610 has 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 10 OPERATING LEASE**

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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, 2022 amount to \$7,200 annually. Total lease expense for the year ended December 31, 2022, totaled \$7,200.

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

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**NOTE 11 RELATED PARTIES**

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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, 2022, contributions and special event revenues from these related parties were \$14,924. The Organization also leases three properties to related parties essentially for free, as each only pays \$1 per month.

**NOTE 12 SUBSEQUENT EVENTS**

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The Organization has evaluated events and transactions subsequent to December 31, 2022 through November 8, 2023, 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 not identified any events that have occurred subsequent to December 31, 2022 and through November 8, 2023 that require recognition or disclosure in the financial statements.