

RIVER VALLEY RIDERS

Financial Statements
December 31, 2022 and 2021

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
River Valley Riders

We have reviewed the accompanying financial statements of River Valley Riders (a nonprofit organization) which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, 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 Organization 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 River Valley Riders and to meet our other ethical responsibilities, in accordance with the 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 conformity with accounting principles generally accepted in the United States of America.

Foley Kalseim + Company, Ltd.

Lake Elmo, MN
September 12, 2023

RIVER VALLEY RIDERS
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 207,522	\$ 129,612
Accounts receivable	-	495
Grants receivable	21,205	-
Pledges receivable	1,000	1,000
Prepaid expenses	6,054	7,481
Investments	19,191	23,601
Cash restricted for capital improvements	167,724	615,446
Cash restricted for scholarships and program equipment	7,530	6,705
Certificates of deposit	-	167,948
Total current assets	430,226	952,288
PROPERTY AND EQUIPMENT		
Land	550,000	550,000
Buildings and improvements	1,796,802	1,059,384
Vehicles	9,970	9,970
Horses	3,750	3,750
Furniture and equipment	29,419	26,820
	2,389,941	1,649,924
Less accumulated depreciation and amortization	(260,381)	(223,420)
Total property and equipment	2,129,560	1,426,504
OTHER ASSETS		
Certificates of deposit	159,174	60,442
Total other assets	159,174	60,442
Total assets	\$ 2,718,960	\$ 2,439,234
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,408	\$ 1,256
Current portion long-term debt	22,325	21,480
Total current liabilities	25,733	22,736
LONG-TERM LIABILITIES		
Notes payable	136,379	157,306
Less current portion long-term debt	(22,325)	(21,480)
Total long-term liabilities	114,054	135,826
NET ASSETS		
Without donor restrictions		
Undesignated	2,252,693	1,513,294
Designated operating reserve	131,000	125,000
Total without donor restrictions	2,383,693	1,638,294
With donor restrictions		
Total net assets	2,579,173	2,280,672
Total liabilities and net assets	\$ 2,718,960	\$ 2,439,234

See accompanying notes and independent accountant's review report.

RIVER VALLEY RIDERS
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2022 and 2021

	2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
PUBLIC SUPPORT AND REVENUES		
Program service revenue	\$ 115,913	\$ 77,395
Public support		
Contributions and grants	61,817	74,715
Special events	71,839	69,602
Less: costs of special events	(24,385)	(20,794)
Net revenues from special events	47,454	48,808
Total public support	109,271	123,523
Total public support and revenues without donor restrictions	225,184	200,918
Net assets released from donor restrictions	741,418	13,130
Total net assets released from donor restrictions	741,418	13,130
EXPENSES		
Equine assisted services	170,907	129,155
Management and general	34,173	31,684
Fundraising	37,807	32,113
Total expenses	242,887	192,952
OTHER REVENUE AND EXPENSES		
Rental income	1,238	1,238
Product sales	650	-
Investment income, net of fees	(880)	6,787
COVID grants	20,706	38,179
Gain on sale of assets	(30)	-
Total other revenue and expenses	21,684	46,204
Change in net assets without donor restrictions	745,399	67,300
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and grants	222,596	200,173
Special events	71,924	86,055
Net assets released from restrictions	(741,418)	(13,130)
Change in net assets with donor restrictions	(446,898)	273,098
CHANGE IN NET ASSETS	\$ 298,501	\$ 340,398
Beginning of year	2,280,672	1,940,274
End of year	\$ 2,579,173	\$ 2,280,672

See accompanying notes and independent accountant's review report.

RIVER VALLEY RIDERS
Statement of Functional Expenses
For the Year Ended December 31, 2022

	SUPPORTING SERVICES				Total
	Equine Assisted Services	Management and General	Fundraising	Total Support Services	
Salaries	\$ 58,377	\$ 13,150	\$ 27,792	\$ 40,942	\$ 99,320
Payroll taxes	4,466	1,006	2,126	3,132	7,598
Advertising and marketing	-	-	3,636	3,636	3,636
Professional fees	-	10,190	-	10,190	10,190
Bank charges	-	4,866	-	4,866	4,866
Database and website	201	3,874	-	3,874	4,074
Interest	6,368	-	-	-	6,368
Occupancy	18,683	-	-	-	18,683
Postage and printing	1,134	38	1,654	1,692	2,826
Supplies	804	-	559	559	1,363
Horse expense	13,074	-	-	-	13,074
Rental expense	975	-	-	-	975
Volunteer expense	2,642	-	-	-	2,642
Program equipment	2,308	-	-	-	2,308
Insurance	16,100	970	2,040	3,010	19,110
Participant scholarships	4,000	-	-	-	4,000
Organization dues	1,551	-	-	-	1,551
Vehicle	3,249	-	-	-	3,249
Instructor expense	14	-	-	-	14
Miscellaneous	-	79	-	79	79
	<u>133,946</u>	<u>34,173</u>	<u>37,807</u>	<u>71,980</u>	<u>205,926</u>
Depreciation	<u>36,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,961</u>
Total expenses	<u>\$ 170,907</u>	<u>\$ 34,173</u>	<u>\$ 37,807</u>	<u>\$ 71,980</u>	<u>\$ 242,887</u>

See accompanying notes and independent accountant's review report

RIVER VALLEY RIDERS
Statement of Functional Expenses
For the Year Ended December 31, 2021

SUPPORTING SERVICES

	Equine Assisted	SUPPORTING SERVICES			Total
	Services	Management and General	Fundraising	Total Support Services	
Salaries	\$ 37,821	\$ 10,142	\$ 23,234	\$ 33,376	\$ 71,197
Payroll taxes	2,893	771	1,783	2,554	5,447
Advertising and marketing	-	-	2,892	2,892	2,892
Professional fees	235	8,896	-	8,896	9,131
Bank charges	-	5,027	-	5,027	5,027
Database and website	456	3,561	-	3,561	4,017
Interest	7,352	-	-	-	7,352
Occupancy	7,913	-	-	-	7,913
Postage and printing	1,189	626	1,655	2,281	3,470
Supplies	702	362	393	755	1,457
Horse expense	9,617	-	-	-	9,617
Rental expense	-	-	-	-	-
Volunteer expense	941	-	-	-	941
Program equipment	1,315	-	-	-	1,315
Insurance	12,370	889	2,156	3,045	15,415
Participant scholarships	4,542	-	-	-	4,542
Organization dues	1,270	-	-	-	1,270
Vehicle	2,876	-	-	-	2,876
Instructor expense	1,238	-	-	-	1,238
Miscellaneous	-	1,410	-	1,410	1,410
	<u>92,730</u>	<u>31,684</u>	<u>32,113</u>	<u>63,797</u>	<u>156,527</u>
Depreciation	<u>36,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,425</u>
Total expenses	<u>\$ 129,155</u>	<u>\$ 31,684</u>	<u>\$ 32,113</u>	<u>\$ 63,797</u>	<u>\$ 192,952</u>

See accompanying notes and independent accountant's review report.

RIVER VALLEY RIDERS
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 298,501	\$ 340,398
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	36,961	36,425
Unrealized investment gain/loss	4,117	(1,799)
Reinvested interest, net of fees	(1,096)	(3,956)
PPP forgiveness	-	(12,500)
Changes in operating assets and liabilities:		
Accounts receivable	495	(495)
Grants receivable	(21,205)	75,000
Prepaid expenses	1,427	(2,651)
Accounts payable	2,152	(776)
Payroll liabilities	-	(5,453)
Net cash flows from operating activities	321,352	424,193
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(740,017)	(5,580)
Purchase of long-term fund	-	(10,873)
Purchase of certificates of deposit	(30,000)	(160,000)
Proceeds from sale of certificate of deposit	100,605	162,259
Net cash flows from investing activities	(669,412)	(14,194)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(20,927)	(29,943)
Net cash flows from financing activities	(20,927)	(29,943)
Net change in cash and cash equivalents	(368,987)	380,056
 CASH AND CASH EQUIVALENTS		
Beginning of year	751,763	371,707
End of year	\$ 382,776	\$ 751,763
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for taxes	\$ -	\$ -
Cash paid for interest	\$ 6,368	\$ 7,352

See accompanying notes and independent accountant's review report.

RIVER VALLEY RIDERS
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

River Valley Riders (the Organization) was incorporated as a Minnesota nonprofit organization, organized to create a supportive community where people with special needs connect with horses and experience life-changing benefits.

Cash and cash equivalents

The Organization defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. Cash on deposit in excess of FDIC and similar insurance coverage is subject to the usual banking risks for funds in excess of those limits. The Organization had cash that exceeded the federally insured limits for the years ended December 31, 2022 and 2021. Uninsured balances were \$321,998 and \$546,951 at December 31, 2022 and 2021, respectively. The Organization hasn't experienced any losses on the concentration.

Certificates of deposit

The Organization invests in certificates of deposit. Certificates held at December 31, 2022 mature in twenty to thirty-three months.

Investment income

Investment income or loss is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. Interest on cash and cash equivalents at December 31, 2022 and 2021 was \$3,581 and \$5,277, respectively.

Financial statement presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of River Valley Riders are classified and reported as follows:

Net assets without donor restrictions – Net assets currently available at the discretion of the Board for use in the Organization's operations, and those resources invested in land, buildings and equipment.

Net assets with donor restrictions – Grants and other contributions with explicit donor restrictions which specify how the gifts are to be used, including net assets restricted by donors in perpetuity as endowments or irrevocable trusts. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles, whereby revenue and support are recognized when earned and expenses are recognized when incurred.

Tax-exempt status

The Organization has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provision of State law and, accordingly, is not subject to federal or state income taxes.

Revenue recognition

Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

RIVER VALLEY RIDERS
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

We have analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the new provisions.

In-kind contributions

In-kind contributions, which included fixed assets and donated services, are recorded as unrestricted support by the Organization at the estimated fair value on the date of donation. The Organization received non-cash donations of \$-0- during the years ended December 31, 2022 and 2021.

Functional allocation of expenses

Expenses by function have been allocated among program and supporting service classifications on the basis of direct expenses and based on the best estimates of the Organization's management. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of time and effort, as well as depreciation and occupancy which are allocated on a square footage basis. Insurance costs are allocated on the basis of specific type

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include allocation of expenses to the various functional expense categories and the value of in-kind donations.

Accounts Receivable

Accounts Receivable are stated at net realizable value. Bad debts are provided on the reserve method based on historical experience and management's evaluation of outstanding receivables at the end of each year. When all collection efforts have been exhausted, the accounts are written off against the related allowance. No interest is charged on past due accounts. At December 31, 2022 and 2021, no allowance was determined to be necessary.

Pledges Receivable

Unconditional pledges receivable were \$1,000 at both December 31, 2022 and 2021. The pledge will be received within a year.

Investments

Investments are carried at fair value. The Organization records donated securities at their estimated market value at the date of donation. Realized and unrealized investment gains or losses are determined by comparison of specific costs of acquisition to proceeds at the time of disposal or market value at the balance sheet date, respectively.

Property and equipment

Fixed assets are stated at cost when purchased. Depreciation is provided over the estimated useful lives of the assets using straight-line methods as follows:

	<u>Life</u>	<u>Method</u>
Building	40 years	Straight Line
Building improvements	15-40 years	Straight Line
Vehicles and equipment	5-7 years	Straight Line
Horses	3-5 years	Straight Line

Additions and betterments of \$2,500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation expense was \$36,961 and \$36,425 for the years ended December 31, 2022 and 2021, respectively.

RIVER VALLEY RIDERS
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2022 and 2021 were \$3,636 and \$2,892, respectively.

2. INCOME TAXES

The Organization has evaluated for uncertain tax positions and management has expressed there are no uncertain tax positions as of December 31, 2022. Tax returns for the past three years remain open for examination by tax jurisdictions.

3. 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). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

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 inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

There have been no changes in methodologies used at December 31, 2022 and 2021.

Fair values of assets measured on a recurring basis at December 31, 2022 and 2021 as follows:

	<u>Fair Value Measurements at Reporting Using</u>	
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 2)</u>
<u>December 31, 2022</u>		
Mutual Funds		
Index Funds – St. Croix Valley Foundation	\$ 19,191	\$ 19,191
<u>December 31, 2021</u>		
Mutual Funds		
Index Funds – St. Croix Valley Foundation	\$ 23,601	\$ 23,601

RIVER VALLEY RIDERS
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021
(Continued)

4. ST. CROIX VALLEY FOUNDATION

The Organization established a long-term, non-endowed fund with the St. Croix Valley Foundation (SCVF) during the fiscal year ending December 31, 2020. The Organization is entitled to the earnings within the fund. At December 31, 2022 and 2021 the earnings within the SCVF fund were \$742 and \$457, respectively.

5. INVESTMENTS

The following schedule summarizes investment return and its classification in the statement of activities for the years ended December 31, 2022 and 2021.

	2022 <u>Net assets without donor restrictions</u>	2021 <u>Net assets without donor restrictions</u>
Interest and dividends	\$ 3,581	\$ 5,277
Realized gain/(loss)	-0-	75
Unrealized gain/(loss)	(4,117)	1,799
Sale of asset gain/(loss)	(30)	-0-
External investment expenses	<u>(344)</u>	<u>(364)</u>
	<u>\$ (910)</u>	<u>\$ 6,787</u>

6. LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Mortgage bearing interest at 4.25%, payable in monthly installments of \$2,274.55 (principal and interest). Matures March 6, 2027. Secured by 38 acres of land	\$ 136,379	\$ 157,306
Less current maturities	<u>(22,325)</u>	<u>(21,480)</u>
Total long-term debt	<u>\$ 114,054</u>	<u>\$ 135,826</u>

Future maturities of long-term debt are as follows:

2023	\$ 22,325
2024	22,890
2025	23,882
2026	24,917
2027	<u>42,365</u>
	<u>\$ 136,379</u>

7. BOARD DESIGNATED FUNDS

In 2009, the Board approved the establishment of a board designated fund as an operating reserve of \$60,000. The purpose of the operating reserve is to provide for the sustainability of the organization to guard against significant unexpected loss of income or increased/new/unavoidable expenses. In March 2020, the Board approved the increase to create the target minimum operating reserve which is 50% of the expenses of the current annual operating budget. At December 31, 2022 and 2021, the operating reserve was \$131,000 and \$125,000, respectively.

RIVER VALLEY RIDERS
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021
(Continued)

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets without donor restrictions represent operating funds available for future use by the Organization's programs and funds for fixed assets. Net assets with donor restrictions consist of the following:

	2022	2021
Afton Fund – Capital Improvements	\$ 167,723	\$ 615,446
Scholarship Fund	4,065	3,240
North Metro Site Fund	3,465	3,465
St. Croix Valley Foundation Fund	20,227	20,227
Totals	\$ 195,480	\$ 642,378

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2022	2021
Financial assets at year-end	\$ 589,400	\$ 1,012,730
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted for long-term debt payments	(22,325)	(21,480)
Donor-restricted Afton Fund	(167,724)	(615,446)
Donor-restricted Scholarship Fund	(4,065)	(3,240)
Donor-restricted North Metro Site Fund	(3,465)	(3,465)
Donor-restricted St. Croix Valley Fdn.	(20,227)	(20,227)
Financial assets available to meet cash needs for general expenditures within one year	\$ 371,594	\$ 348,872

As part of the Organization's liquidity management, it invests in cash and certificates of deposit.

10. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 12, 2023, the date the financial statements were issued.