

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.

Financial Statements

December 31, 2020 and 2019

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To the Board of Directors
Riverwood Therapeutic Riding Center, Inc.
Tobaccoville, North Carolina

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Riverwood Therapeutic Riding Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverwood Therapeutic Riding Center, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Butler & Burke LLP

Winston-Salem, North Carolina
April 27, 2021

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 443,800	\$ 291,251
Short-term investments	50,000	57,000
Accounts receivable	10,300	12,435
Prepaid expenses	4,041	3,819
Property and equipment, net	432,254	456,797
Beneficial interest in assets held by others	<u>127,160</u>	<u>125,572</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,067,555</u>	<u>\$ 946,874</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 36,811	\$ 1,455
Deferred revenue	<u>10,283</u>	<u>10,400</u>
<u>Total Liabilities</u>	<u>47,094</u>	<u>11,855</u>
Net Assets		
Without Donor Restrictions		
Cash reserve	125,000	111,435
Building reserve	25,000	25,000
Property and equipment reserve	432,254	456,797
Extraordinary horse care reserve	15,000	15,000
Undesignated	<u>295,346</u>	<u>201,215</u>
	892,600	809,447
With Donor Restrictions	<u>127,861</u>	<u>125,572</u>
<u>Total Net Assets</u>	<u>1,020,461</u>	<u>935,019</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,067,555</u>	<u>\$ 946,874</u>

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT, REVENUE, AND GAINS			
Contributions	\$ 228,837	\$ -	\$ 228,837
Grants	-	13,500	13,500
Program revenue	80,531	-	80,531
Fundraising	148,504	-	148,504
Interest income	1,273	-	1,273
Change in value of beneficial interest	-	6,428	6,428
In-kind contributions	22,126	-	22,126
Gain upon debt extinguishment	<u>58,272</u>	<u>-</u>	<u>58,272</u>
	539,543	19,928	559,471
Net assets released from restrictions	<u>17,639</u>	<u>(17,639)</u>	<u>-</u>
<u>Total Support, Revenue, and Gains</u>	<u>557,182</u>	<u>2,289</u>	<u>559,471</u>
EXPENSES			
Program	373,543	-	373,543
Management and general	42,978	-	42,978
Fundraising	<u>57,508</u>	<u>-</u>	<u>57,508</u>
<u>Total Expenses</u>	<u>474,029</u>	<u>-</u>	<u>474,029</u>
CHANGE IN NET ASSETS	83,153	2,289	85,442
Net Assets, Beginning of Year	<u>809,447</u>	<u>125,572</u>	<u>935,019</u>
Net Assets, End of Year	<u>\$ 892,600</u>	<u>\$ 127,861</u>	<u>\$ 1,020,461</u>

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 169,004	\$ -	\$ 169,004
Grants	5,250	-	5,250
Program revenue	134,272	-	134,272
Fundraising	157,645	-	157,645
Interest income	2,366	-	2,366
Other income	284	-	284
Change in value of beneficial interest	-	13,888	13,888
In-kind contributions	<u>38,210</u>	<u>-</u>	<u>38,210</u>
	507,031	13,888	520,919
Net assets released from restrictions	<u>10,756</u>	<u>(10,756)</u>	<u>-</u>
<u>Total Support and Revenue</u>	<u>517,787</u>	<u>3,132</u>	<u>520,919</u>
EXPENSES			
Program	406,988	-	406,988
Management and general	51,019	-	51,019
Fundraising	<u>67,678</u>	<u>-</u>	<u>67,678</u>
<u>Total Expenses</u>	<u>525,685</u>	<u>-</u>	<u>525,685</u>
CHANGE IN NET ASSETS	(7,898)	3,132	(4,766)
Net Assets, Beginning of Year	<u>817,345</u>	<u>122,440</u>	<u>939,785</u>
Net Assets, End of Year	<u>\$ 809,447</u>	<u>\$ 125,572</u>	<u>\$ 935,019</u>

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For Year Ended December 31, 2020

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 245,289	\$ 33,008	\$ 48,638	\$ 326,935
Professional fees	4,577	615	908	6,100
Program expenses	40,823	-	-	40,823
Scholarship expenses	5,352	-	-	5,352
Utilities	5,326	109	-	5,435
Postage and shipping	-	2,063	-	2,063
In-kind lease expense	12,500	-	-	12,500
Insurance	9,467	498	-	9,965
Repairs & maintenance	17,757	362	-	18,119
Printing	-	5,300	-	5,300
Administrative expenses	3,454	532	790	4,776
Continuing education	2,349	-	-	2,349
Fundraising expenses	-	-	7,172	7,172
Bad debt expense	512	-	-	512
Miscellaneous	2,085	-	-	2,085
	<u>349,491</u>	<u>42,487</u>	<u>57,508</u>	<u>449,486</u>
Depreciation	<u>24,052</u>	<u>491</u>	<u>-</u>	<u>24,543</u>
	<u>\$ 373,543</u>	<u>\$ 42,978</u>	<u>\$ 57,508</u>	<u>\$ 474,029</u>

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For Year Ended December 31, 2019

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 256,457	\$ 34,893	\$ 44,924	\$ 336,274
Professional fees	4,500	612	788	5,900
Program expenses	59,114	-	-	59,114
Scholarship expenses	7,101	-	-	7,101
Utilities	5,249	107	-	5,356
Postage and shipping	-	3,149	-	3,149
In-kind lease expense	7,500	5,000	-	12,500
Insurance	5,417	285	-	5,702
Repairs & maintenance	21,395	267	-	21,662
Printing	-	5,145	1,181	6,326
Administrative expenses	7,352	1,000	1,288	9,640
Continuing education	2,297	-	-	2,297
Fundraising expenses	-	-	19,497	19,497
Bad debt expense	96	-	-	96
Miscellaneous	3,015	-	-	3,015
	<u>379,493</u>	<u>50,458</u>	<u>67,678</u>	<u>497,629</u>
Depreciation	<u>27,495</u>	<u>561</u>	<u>-</u>	<u>28,056</u>
	<u>\$ 406,988</u>	<u>\$ 51,019</u>	<u>\$ 67,678</u>	<u>\$ 525,685</u>

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 85,442	\$ (4,766)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	24,543	28,056
Bad debts	512	96
Change in value of beneficial interest	(6,428)	(13,888)
Gain upon debt extinguishment	(58,272)	-
(Increase) decrease in operating assets:		
Promises to give	-	6,000
Accounts receivable	1,623	3,581
Prepaid expenses	(222)	478
Increase (decrease) in operating liabilities:		
Accounts payable	35,356	(26,642)
Deferred revenue	(117)	96
<u>Net Cash Provided by (Used in) Operating Activities</u>	<u>82,437</u>	<u>(6,989)</u>
INVESTING ACTIVITIES		
Purchase of short-term investments	-	(57,000)
Sale of short-term investments	7,000	-
Purchase of property and equipment	-	(3,195)
Beneficial interest in assets held by others		
Distributions	4,840	4,756
<u>Net Cash Provided by (Used in) Investing Activities</u>	<u>11,840</u>	<u>(55,439)</u>
FINANCING ACTIVITIES		
Proceeds from PPP loan	58,272	-
<u>Net Cash Provided by Financing Activities</u>	<u>58,272</u>	<u>-</u>
Change in Cash and Cash Equivalents	152,549	(62,428)
Cash and Cash Equivalents at Beginning Year	<u>291,251</u>	<u>353,679</u>
Cash and Cash Equivalents at End of Year	<u>\$ 443,800</u>	<u>\$ 291,251</u>

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A: ORGANIZATION AND NATURE OF ACTIVITIES

Riverwood Therapeutic Riding Center, Inc. ("Riverwood") was incorporated under the laws of the State of North Carolina in 1997 for the purpose of providing quality professional equine assisted activities for children and adults with special needs. Clients served include those with development disabilities, disabilities resulting from trauma, acquired chronic conditions, social/emotional disabilities and diagnosed mental health disorders. Services include therapeutic riding, able bodied riding, community-based learning, and other programs. Revenue is derived from fees on a monthly and per session basis. All services that are provided include a thorough assessment of the individual and their needs, a physician's statement and appropriate releases and emergency medical documents. A treatment plan and individual short and long term goals are set for each client along with ongoing progress notes. Riverwood operates on a year-round schedule serving more than 200 clients each year including those that come through the local school systems.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Riverwood have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles (GAAP). Riverwood reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - net assets that are not restricted by donors or for which donor-imposed restrictions have expired. If the board specifies a purpose where none has been stated, such funds are classified as board designated assets without donor restrictions.

Net assets with donor restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e. donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Riverwood considers all highly-liquid temporary cash instruments purchased with an initial maturity of three months or less to be cash equivalents. Riverwood maintains its cash and cash equivalents in a bank account, the balance of which may at times exceed federally insured limits. Riverwood's cash and cash equivalents are placed with high-credit quality financial institutions and Riverwood has not experienced any losses in such accounts.

Short-Term Investments

Short-term investments are comprised of certificates of deposit with original maturities between three months and one year.

Promises to Give

Contributions and grants (promises to give) are recognized as revenues in the period the commitment is made. Riverwood records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions and grants revenue in the statements of activities. Riverwood determines an allowance for uncollectible promises to give based on historical experience, an assessment of the economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. An allowance for uncollectible promises to give was not considered necessary at December 31, 2020 or 2019. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions upon which they depend are substantially met.

Accounts Receivable

Riverwood records accounts receivable as the total unpaid balance, which approximates estimated fair value. Riverwood determines past-due status of individual accounts receivable based on the contractual terms of the original service. Riverwood estimates its allowance for doubtful accounts based on a combination of factors, including Riverwood's historical loss experience and any anticipated effects related to current economic conditions, as well as management's knowledge of the current composition of accounts receivable. No allowance was considered necessary for the years ended December 31, 2020 or 2019. Accounts receivable that management believes to be ultimately not collectible are written off upon such determination.

Property and Depreciation

Property and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, generally from three to forty years. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Assets Held by Others

In August 2006, Riverwood established a trust agreement, the Peter R. Kellogg Fund of Riverwood Therapeutic Riding Center, with the Winston-Salem Foundation (the "Foundation"), the purpose of which is to provide a permanent endowment to support the payment of benefits to employees of Riverwood. Monies have been irrevocably transferred to the Foundation, which will invest the funds and make quarterly earnings distributions to Riverwood in an amount determined by the Foundation. Riverwood has granted the Foundation variance power, the unilateral power to redirect the use of the assets, but has retained a right to the asset by specifying itself as the beneficiary. In accordance with GAAP, the endowment has been recognized as a beneficial interest in assets held by others in the accompanying statement of financial position at the current market value of the underlying investments held by the Foundation, which amounted to \$127,160 and \$125,572 for the years ended December 31, 2020 and 2019, respectively. However, Riverwood is not subject to the Uniform Prudent Management of Institutional Funds Act or the endowment disclosure requirements of FASB ASC 958-205-50 for these funds since control over the funds was relinquished to the Foundation.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Donated Services and In-Kind Contributions

Riverwood records various types of in-kind support, including services and other tangible assets. GAAP requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include utilities, repairs and maintenance, and depreciation, which are allocated on a square footage basis, as well as salaries, payroll taxes, and insurance, which are allocated on the basis of estimates of time and effort.

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

Riverwood is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purpose.

Riverwood's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. It is the opinion of management that Riverwood has no uncertain tax positions that would be subject to change upon examination.

Riverwood is required to file a federal exempt organization tax return (Form 990) annually to retain its exempt status. Riverwood is also required to file an exempt organization business income tax return (Form 990-T) for any year unrelated business income exceeds \$1,000. Riverwood's Form 990 filings are generally subject to examination by the Internal Revenue Service for three years after they are filed.

Use of Estimates

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

Subsequent Events

Riverwood has evaluated its subsequent events (events occurring after December 31, 2020) through the date of this report, which represents the date the financial statements were available to be issued and determined that all significant events and disclosures are included in the financial statements.

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 443,800	\$ 291,251
Short-term investments	50,000	57,000
Accounts receivables	10,300	12,435
Beneficial interest in assets held by others	<u>127,160</u>	<u>125,572</u>
Total financial assets	631,260	486,258
Less those unavailable for general expenditure within one year due to:		
Purpose restrictions	(701)	-
Beneficial interest	(127,160)	(125,572)
Board designations	<u>(165,000)</u>	<u>(151,435)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 338,399</u>	<u>\$ 209,251</u>

Riverwood has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Riverwood's beneficial interest is donor-restricted and is not available for general expenditure.

Board designated reserves consisting of \$125,000 in cash reserves, \$25,000 in building reserves, and \$15,000 designated for extraordinary horse care could be made available, if necessary.

NOTE D: FAIR VALUE MEASUREMENTS

Financial assets and liabilities required to be measured on a recurring basis (at least annually) are classified under a three-tier hierarchy. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurement date.

Assets and liabilities measured at fair value are categorized depending on the observability of the inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1 for the asset or liability, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that can be corroborated by observable data for substantially the full term of the assets or liabilities. Level 3 inputs are unobservable for the asset or liability, including Riverwood's own assumptions in determining the fair value of assets or liabilities.

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE D: FAIR VALUE MEASUREMENTS (CONTINUED)

Valuation techniques used in the fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Riverwood believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date.

The following is a description of the valuation methodologies used by Riverwood for assets measured at fair value:

Beneficial Interest In Assets Held By Others: Equities and fixed income funds within the Winston-Salem Foundation (the Foundation) endowment pool are valued at the closing price reported on the active markets on which the individual securities are traded. Although the measurement is based on the unadjusted fair value of trust assets reported by the Foundation, Riverwood has irrevocably assigned the monies to the Foundation and is only able to redeem accumulated income that the Foundation has transferred to the grantable funds account within the endowment. Therefore, Riverwood considers the measurement of its beneficial interest in assets held by others to be a Level 3 measurement within the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, Riverwood's assets measured at fair value on a recurring basis as of December 31, 2020 and 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2020</u>				
Beneficial interests in assets held by others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,160</u>	<u>\$ 127,160</u>
<u>2019</u>				
Beneficial interests in assets held by others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,572</u>	<u>\$ 125,572</u>

The table below sets forth a summary of changes in the fair value of Riverwood's level 3 assets for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 125,572	\$ 116,440
Change in value	6,428	13,888
Distributions	<u>(4,840)</u>	<u>(4,756)</u>
Balance, end of year	<u>\$ 127,160</u>	<u>\$ 125,572</u>

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E: PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Buildings	\$ 694,706	\$ 694,706
Vehicles and farm equipment	74,517	74,517
Furniture and computers	<u>3,180</u>	<u>3,180</u>
	772,403	772,403
Less accumulated depreciation	<u>(340,149)</u>	<u>(315,606)</u>
	<u>\$ 432,254</u>	<u>\$ 456,797</u>

Depreciation expense totaled \$24,543 and \$28,056 for the years ended December 31, 2020 and 2019, respectively.

NOTE F: DONATED GOODS, SERVICES, AND SPACE

Riverwood recognizes in-kind contribution revenue for certain services received at their fair value. Riverwood received in-kind vet services from a member of Riverwood's Board of Directors valued at \$5,579 and \$12,129 for the years ended December 31, 2020 and 2019, respectively. Riverwood entered into a fifty-year below market lease agreement for pasture space in 2001. The fair market value of the pasture space provided is \$7,500 for the years ended December 31, 2020 and 2019, respectively. Other in-kind contributions valued at \$9,047 and \$18,581 for the years ended December 31, 2020 and 2019, respectively, include printing, copying, vehicle rental, and groundskeeping materials. A substantial number of other volunteers have donated significant amounts of their time to Riverwood and its advocacy program; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services under GAAP.

NOTE G: RELATED PARTY TRANSACTIONS

Riverwood receives contributions for general support and fundraising events from members of the Board of Directors. Contributions from current Board members were \$24,124 and \$31,531 for the years ended December 31, 2020 and 2019, respectively, including in-kind contributions of \$5,579 and \$12,129, respectively. There were \$2,500 of contributions receivable from Board members at December 31, 2020. There were no contributions receivable from Board members at December 31, 2019.

RIVERWOOD THERAPEUTIC RIDING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE H: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods at December 31:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purposes and/or passage of time:		
Virtual service delivery	\$ 701	\$ -
Not subject to Riverwood spending policy or appropriation:		
Beneficial interest in assets held by others	<u>127,160</u>	<u>125,572</u>
	<u>\$ 127,861</u>	<u>\$ 125,572</u>

NOTE I: EMPLOYEE BENEFIT PLAN

Riverwood maintains an employee benefit plan established under Section 403(b) of the Internal Revenue Code. The Plan is available to substantially all employees of Riverwood who have met certain service and eligibility requirements. Employee contributions to the Plan are limited to a percentage of compensation, as defined by the Plan, and are matched by Riverwood subject to certain limitations. Riverwood contributed \$6,887 and \$6,555 to the Plan on behalf of its employees for the years ended December 31, 2020 and 2019, respectively.

NOTE J: PPP LOAN

In May 2020, Riverwood received loan proceeds in the amount of \$58,272 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. Riverwood used the PPP loan proceeds for purposes consistent with the PPP and obtained forgiveness of the entire loan balance including accrued interest in October 2020 from the Small Business Administration.

Riverwood initially accounted for the PPP loan in accordance with ASC 470, *Debt*, and subsequently derecognized the debt when the debt was forgiven in accordance with ASC 405-20, *Liabilities: Extinguishments of Liabilities*. The amount forgiven is presented in the statement of activities for the year ended December 31, 2020 as a gain upon debt extinguishment.