Therapeutic Riding, Inc.

Financial Statements

December 31, 2021
(With Summarized Comparative
Information for 2020)

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Independent Auditors' Report

Management and Board of Directors
Therapeutic Riding, Inc.
Ann Arbor, Michigan

Opinion

We have audited the accompanying financial statements of Therapeutic Riding Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows 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 financial position of Therapeutic Riding Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Therapeutic Riding 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Therapeutic Riding Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Therapeutic Riding Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies 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 Therapeutic Riding Inc. 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.

Report on Summarized Comparative Information

We have previously audited Therapeutic Riding Inc.'s December 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated September 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Yeo & Yeo, P.C.

Ann Arbor, Michigan
September 13, 2022

Therapeutic Riding, Inc.
Statement of Financial Position
December 31, 2021
(With Summarized Comparative Information for December 31, 2020)

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	**$ 483,374**	$ 415,169
Accounts receivable	**33,551**	5,760
Other current assets	**14,811**	21,403
Total current assets	**531,736**	442,332
Property and equipment, net	**1,898,448**	1,946,354
Other assets		
Operating investments	**204,623**	204,613
Endowment investments	**80,716**	80,926
Total other assets	**285,339**	285,539
Total assets	**$ 2,715,523**	$ 2,674,225
Liabilities and Net Assets		
Current liabilities		
Accounts payable	**$ 3,047**	$ 400
Deferred income	**300**	300
PPP Loan	**-**	48,946
Accrued payroll and related taxes	**11,664**	10,938
Current portion of AAACF interest free loan	**6,667**	12,222
Total current liabilities	**21,678**	72,806
Long term liabilities		
AAACF interest free loan	**-**	7,778
Total liabilities	**21,678**	80,584
Net Assets		
Without donor restrictions		
Property and equipment	**1,898,448**	1,946,354
Capital needs	**163,350**	163,350
Undesignated	**443,563**	318,024
Total without donor restrictions	**2,505,361**	2,427,728
With donor restrictions		
Perpetual in nature	**57,000**	57,000
Purpose restrictions	**131,484**	108,913
Total with donor restrictions	**188,484**	165,913
Total net assets	**2,693,845**	2,593,641
Total liabilities and net assets	**$ 2,715,523**	$ 2,674,225

See Accompanying Notes to the Financial Statements

Therapeutic Riding, Inc.
Statement of Activities
For the Year Ended December 31, 2021
(With Summarized Comparative Information for December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	**2021**	2020
Revenue and support				
Classes	$ 55,580	$ -	**$ 55,580**	$ 36,055
Contributions				
Foundation donors	113,500	39,500	**153,000**	136,052
Memorial and tribute donors	6,795	-	**6,795**	4,181
Other donors	41,322	-	**41,322**	61,171
Adopt-a-horse	59,100	-	**59,100**	46,645
Fundraisers	161,603	-	**161,603**	115,389
Investment and interest income (loss)	(1,854)	1,617	**(237)**	8,889
Other Income	98,256	-	**98,256**	9,000
Net assets released from restrictions	18,546	(18,546)	**-**	-
Total revenue and support	552,848	22,571	**575,419**	417,382
Expenses				
Program	354,793	-	**354,793**	344,636
Management and general	72,912	-	**72,912**	60,490
Fundraising	47,510	-	**47,510**	34,891
Total expenses	475,215	-	**475,215**	440,017
Change in net assets	77,633	22,571	**100,204**	(22,635)
Net assets at beginning of year	2,427,728	165,913	**2,593,641**	2,616,276
Net assets at end of year	$ 2,505,361	$ 188,484	**$ 2,693,845**	$ 2,593,641

Therapeutic Riding, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021
(With Summarized Comparative Information for December 31, 2020)

		Support Services			
	Program	Management and General	Fundraising	**2021**	2020
Expenses					
Salaries and wages	$ 185,105	$ 34,460	$ 28,912	**$ 248,477**	$ 227,663
Payroll taxes	17,801	4,145	2,438	**24,384**	27,637
Professional fees	11,605	8,590	-	**20,195**	15,872
Insurance	13,019	6,081	1,395	**20,495**	18,849
Printing, postage and supplies	743	743	-	**1,486**	730
Supplies and care for horses	34,371	-	-	**34,371**	40,525
Utilities	16,442	1,323	55	**17,820**	15,157
Supplies and maintenance	13,055	-	-	**13,055**	9,320
Depreciation	59,491	3,131	-	**62,622**	65,554
Advertising and promotion	-	-	1,485	**1,485**	737
Event/venue	-	-	12,646	**12,646**	7,374
Other fundraising costs	344	-	579	**923**	1,647
Other expenses	2,817	14,439	-	**17,256**	8,952
Total expenses	$ 354,793	$ 72,912	$ 47,510	**$ 475,215**	$ 440,017

Therapeutic Riding, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2021
(With Summarized Comparative Information for December 31, 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	**$ 100,204**	$ (22,635)
Items not requiring cash		
Depreciation	**62,622**	65,554
Net realized and unrealized (gain) loss on investments	**6,064**	(3,803)
PPP loan forgiveness	**(98,579)**	-
Adjustments to reconcile change in net assets to net cash from operating activities		
Change in other assets	**6,592**	(15,413)
Change in accounts receivable	**(27,791)**	4,285
Change in accounts payable	**2,647**	(9,530)
Change in accrued liabilities	**1,414**	(267)
Net cash provided by operating activities	**53,173**	18,191
Cash flows from investing activities		
Purchase of property and equipment	**(14,716)**	-
Purchase of investments	**(79,864)**	(207,197)
Proceeds from sale of investments	**74,000**	201,716
Net cash used by investing activities	**(20,580)**	(5,481)
Cash flows from financing activities		
Proceeds from PPP loan	**48,945**	48,946
Proceeds from AAACF interest free loan	**-**	20,000
Payment on AAACF interest free loan	**(13,333)**	-
Net cash provided by financing activities	**35,612**	68,946
Net change in cash and cash equivalents	**68,205**	81,656
Cash and cash equivalents - beginning of year	**415,169**	333,513
Cash and cash equivalents - end of year	**$ 483,374**	$ 415,169

See Accompanying Notes to the Financial Statements

Note 1 – Organization

Therapeutic Riding, Inc. (the "Organization"), incorporated on March 14, 1984, is a volunteer based, non-profit 501(c)(3) organization that provides the opportunity for personal growth through the horseback riding experience to Washtenaw County area youth and adults with disabilities. The Organization's mission is to provide a therapeutic environment through horseback riding and other activities for people with disabilities or other challenges. Sources of revenue include contributions, class fees, and special events.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

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

<u>Net assets without donor restrictions</u> – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and capital improvements.

<u>Net assets with donor restrictions</u> – Net assets subject to donor (or certain grantor) 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.

Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents except for temporary investment funds considered to be part of the investment portfolio.

Investments

Investments are stated at fair value. Donated investments are reflected as contributions at their fair values at date of receipt. Investment income is reported net of direct investment expenses.

Concentrations and Credit Risks

The Organization has cash accounts at various local banks. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2021, the Organization's bank balance exceeded FDIC limits by $52,156.

Accounts Receivable

The Organization uses the allowance method for accounting for doubtful accounts. Management regularly reviews the collection history of its receivables balances with particular attention given to those amounts greater than 90 days old. Based on management's review, no allowance was deemed necessary as of December 31, 2021. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and Equipment
Acquisitions or donations of property and equipment costing or valued over $500, and with an estimated useful life of more than one year, are capitalized at cost or estimated market value at date of donation. Depreciation of fixed assets is recorded on a straight-line basis over the estimated useful lives of the assets.

The Organization evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Paycheck Protection Program (PPP) Loan
The Organization accounts for the PPP loan as a financial liability in accordance with FASB ASC 470 *Debt*. Interest is accrued throughout the life of the loan, even when no payments are currently due.

Revenue and Revenue Recognition
The Organization provides equine-assisted therapy sessions in exchange for class fees. These sessions are generally purchased by customers in advance upon registration. Class fees are recognized when the performance obligation of providing the session is met on the date of the event. Further detail on revenue recognition of rider fees is disclosed in note 11.

There are times, where in the opinion of management, immaterial amounts of revenue need to be bifurcated between contributions and contract revenue. Revenue streams subject to bifurcation consist of revenues from the sales of tickets to its events and provides the purchaser dinner and entrance to the event. The Organization recognizes the revenue as the tickets are purchased and considers the cost of the dinner to be exchange revenue while the remaining cost of the ticket is recognized as a contribution.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Goods and Services
The Organization records the value of donated goods as contributions using estimated fair values at the date of receipt. The Organization recognized donated supplies of $50 and $0 for the years ended December 31, 2021 and 2020 respectively.

Functional Allocation of Expenses
Expenses are accumulated and reported by function, for program services or supporting purposes. Program services are activities that fulfill the Organization's mission of providing physically, emotionally and developmentally disabled individuals with exercise through therapeutic horseback riding. Supporting services of administrative and fundraising activities include governance, record-keeping, budgeting and administration other than for direct conduct of program services. Expenses, including wages and salaries, payroll taxes and benefits, as well as office and facility costs are allocated among the functional classifications based on the functional use of staff time, and the direct or indirect effect on activities.

Income tax status
The Organization is a nonprofit Michigan corporation recognized as exempt from federal income taxes pursuant to section 501 (c)(3) of the Internal Revenue Code.

The Organization files informational returns in the U.S. Federal and Michigan jurisdiction. The statute of limitations is generally three years for federal returns and four years for Michigan returns.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through September 13, 2022, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and Availability

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

	2021	2020
Cash and cash equivalents	$ 483,374	$ 415,169
Accounts receivable	33,551	5,760
Less: Financial assets unavailable for general expenditures within one year, due to:		
Contractual or donor imposed restriction	(107,768)	(84,987)
Board designations:		
Amounts set aside for capital needs	(163,350)	(163,350)
Financial assets available to meet cash needs for general expenditures within one year	$ 245,807	$ 172,592

The Organization's endowment funds consist of donor restricted endowments and funds designated by the board as endowments. Income from donor restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor restricted endowment funds are not available for general expenditure.

The Organization manages its liquid resources by focusing fundraising efforts to ensure the Organization has adequate contributions and grants to cover the programs that are being conducted. The Organization prepares detailed budgets and is active in monitoring costs.

Note 4 – Investments

The Organization's investments are carried at fair value. Investments were $285,339 and $285,539 at December 31, 2021 and 2020 respectively.

Changes in investments during the years ended December 31 are as follows:

	2021	2020
Investments, beginning of year	$ 285,539	$ 276,255
Interest and dividends	5,864	5,481
Net realized gain (loss)	128	535
Net unrealized gain (loss)	(6,192)	3,268
Investments, end of year	$ 285,339	$ 285,539

Note 5 – Fair Value Measurements

The following tables represent information about the Organization's assets and liabilities measured at fair value on a recurring basis at December 31, 2021 and 2020, and the valuation techniques used by the Organization to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows as of December 31, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate bonds	$ 195,094	$ -	$ 195,094	$ -
Money market	75	75	-	-
Mutual funds	36,312	36,312	-	-
Exchange traded products	20,655	20,655	-	-
Certificate of deposits	33,203	-	33,203	-
Total	$ 285,339	$ 57,042	$ 228,297	$ -

Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows as of December 31, 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate bonds	$ 222,392	$ -	$ 222,392	$ -
Money market	77	77	-	-
Mutual funds	17,769	17,769	-	-
Exchange traded products	6,318	6,318	-	-
Certificate of deposits	38,983		38,983	
Total	$ 285,539	$ 24,164	$ 261,375	$ -

The following is a description of the valuation methods used for the Organization's assets measured at fair value in the above tables:

Mutual Funds and exchange traded funds: These investments are publicly traded investments, which are valued at the daily closing price of the instrument and are classified within Level 1.

Corporate bonds, government obligations, and certificates of deposit: These investments are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market rate assumptions, and are classified within Level 2.

Note 6 – Property and Equipment

Property and equipment consist of the following at December 31:

	Estimated useful lives	2021	2020
Buildings and improvements	7 - 40	$ 1,763,028	$ 1,748,312
Equipment	3 - 7	166,669	166,669
Horses and tack	5 - 7	58,231	58,231
Land		684,501	684,501
		2,672,429	2,657,713
Less accumulated depreciation		(773,981)	(711,359)
Net property and equipment		$ 1,898,448	$ 1,946,354

Depreciation expense for the years ended December 31, 2021 and 2020 was $62,622 and $65,554, respectively.

Note 7 – Debt

During 2020, the Organization received an interest free, unsecured loan from the Ann Arbor Area Community Foundation in the amount of $20,000. The purpose of the loan is to be used for maintaining critical horse care and payroll for the staff to care for the horses, as well as to provide payment for essential accounting services. The loan is to be paid back in monthly installments of $1,111 commencing February 1st, 2021 until July 1st, 2022. The Organization paid back $13,333 of the loan in 2021 and the remaining balance of $6,667 is scheduled to be paid in 2022.

The Organization received Paycheck Protection Program (PPP) round one and round two loans of $49,284 and $49,295 respectively, funded by the Federal government through the Small Business Administration. The PPP loans and any accrued interest are forgivable after twenty four weeks as long as the borrower meets certain criteria. The loan proceeds must be used for eligible purposes, including payroll, health insurance, retirement plans, state and local taxes assessed on employee compensation, mortgage interest, rent, and utilities. The criteria also reduces loan forgiveness for certain reductions in salaries or reductions in FTEs.

Final forgiveness was determined by the SBA for both loans in 2021. Accordingly, $98,579 of gain on extinguishment of debt has been realized in these financial statements as other income.

Note 8 – Board Designated Net Assets

The Board of Directors of the Organization has voluntarily designated $163,350 for capital needs as of December 31, 2021 and 2020.

Note 9 – Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31:

Subject to expenditure for specified purpose:	2021	2020
Capital campaign	$ 44,269	$ 56,494
Zirkinski scholarship program	22,380	22,375
Horse acquisition fund	13,619	3,618
Russell Family Foundation	27,500	-
Edward F. Redies Foundation	-	2,500
Endowments:		
Subject to endowment spending policy and appropriation	23,716	23,926
To be held in perpetuity	57,000	57,000
Total net assets with donor restrictions	$ 188,484	$ 165,913

Net assets with donor restrictions include $57,000 in donor-restricted endowment fund assets to be held indefinitely. The income from the assets is reported as net assets with donor restrictions until donor stipulated restrictions are accomplished. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors in the amounts of $18,546 and $14,419, respectively for the years ended December 31, 2021 and 2020.

Note 10 – Endowment

The Organization's endowment consists entirely of donor restricted endowment funds and is classified based on those donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2020, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) The duration and preservation of the fund; (2) The purposes of the organization and the donor restricted endowment fund; (3) General economic conditions; (4) The possible effect of inflation and deflation; (5) The expected total return from income and the appreciation of investments; (6) Other resources of the organization; and (7) The investment policies of the organization.

The endowment net asset composition by type of fund is as follows:

	Gift amount subject to endowment spending policy and appropriation	Original gift amount to be held in perpetuity	Total 2021	Comparative Total 2020
Donor-restricted endowment funds	$ 23,716	$ 57,000	$ 80,716	$ 80,926

Return Objectives and Risk Parameters

The Organization has adopted a policy to ensure a total return (yield plus capital appreciation) necessary to preserve and enhance (in real dollar terms) the principal of the funds, and at the same time, provide a dependable source of support for current projects of the Organization.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a very low level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 3 percent annually. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization, based on current market conditions, may choose to invest in FDIC insured instruments rather than a diverse portfolio of stocks and bonds to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Organization follows the policy of appropriating distributions from the funds which it holds, and controls established in the endowment fund documents. The Peplau endowment is to provide perpetual income to the Organization to help maintain the riding center facility. Further, the assets are to be invested in conservative instruments. In agreeing to this policy, The Organization considered the long-term expected return on this endowment. This is consistent with the Organization's objective to maintain purchase power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

	Gift amount subject to endowment spending policy and appropriation	Original gift amount to be held in perpetuity	Total
Endowment net assets, beginning of year	$ 23,926	$ 57,000	$ 80,926
Investment income	1,607	-	1,607
Net change in investments	(1,817)	-	(1,817)
Endowment net assets, end of year	$ 23,716	$ 57,000	$ 80,716

Note 11 - Revenue from Contracts with Customers

Revenue generated from contracts with customers at December 31, 2021 and 2020 primarily consists of contracts for class fees in the amount of $55,580 and $36,055, respectively. All of the Organization's revenue from contracts with customers is earned at a point in time.

The Organization may apply the revenue recognition guidance to a portfolio of contracts with similar characteristics if the Organization reasonably expects the effects on the financial statements of applying this this guidance to the portfolio would not differ materially from applying this guidance to individual contracts (or performance obligations) within that portfolio. The Organization is taking the practical expedient approach for class fees as all contacts are the same.

The transaction price for class fees is the agreed upon fee. Each riding lesson is considered a separate performance obligation. Class fees are recognized at a point in time when the student receives the riding lesson. The Organization assumes that funds would be returned if a class were not to take place as planned. There is no variable consideration since generally refunds are not given to those that do not attend and there is no constraint.

At December 31, 2021 and 2020, contract assets and contract liabilities were as follows:

	December 31, 2021	December 31, 2020	January 01, 2020
Accounts receivable	$ 3,183	$ 1,390	$ 2,250
Unearned revenue	$ 300	$ 300	$ 300

There were no unbilled receivables. There were also no changes in judgments related to revenue recognition for the year ended December 31, 2021.

Note 12 – Conservation Easement Agreement

In 2008, the Organization entered into a perpetual conservation easement agreement with the Washtenaw Land Trust for the purposes of preserving and protecting the Organization's land on which it operates. The agreement prohibits certain actions including but not limited to, land division, certain commercial and industrial activities, construction, cutting vegetation, dumping, and oil, gas, and mineral extraction. The Organization retains all right, title, and interest in the property including the right to sell, mortgage, or donate all or a portion of the property. This agreement holds no monetary value to the Organization.