

CLOVERLEAF EQUINE CENTER

DECEMBER 31, 2024 AND 2023

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CLOVERLEAF EQUINE CENTER

DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cloverleaf Equine Center
Clifton, Virginia

Opinion

We have audited the accompanying financial statements of Cloverleaf Equine Center (Cloverleaf) (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Cloverleaf as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Cloverleaf and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 GAAP, 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 Cloverleaf's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors
Cloverleaf Equine Center
Clifton, Virginia

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 GAAS 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 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 GAAS, 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 Cloverleaf'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 Cloverleaf'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.

UHY LLP

McLean, Virginia
October 3, 2025

**CLOVERLEAF EQUINE CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023**

ASSETS

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 355,872	\$ 752,501
Other assets	17,966	38,507
Property and equipment, net	6,971,015	7,125,843
Restricted cash	120,533	25,034
Investments, at fair value	2,184,480	1,110,404
TOTAL ASSETS	\$ 9,649,866	\$ 9,052,289

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 24,259	\$ 22,408
Accrued payroll, taxes, and benefits	25,510	16,762
Other liabilities	16,768	13,427
Line of credit	973,771	1,010,853
Mortgage payable	781,745	817,105
TOTAL LIABILITIES	1,822,053	1,880,555
NET ASSETS		
Net assets without donor restrictions	5,917,077	5,948,917
Net assets with donor restrictions	1,910,736	1,222,817
TOTAL NET ASSETS	7,827,813	7,171,734
TOTAL LIABILITIES AND NET ASSETS	\$ 9,649,866	\$ 9,052,289

**CLOVERLEAF EQUINE CENTER
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Without Donor Restrictions	With Donor Restrictions	Total 2023
REVENUE, SUPPORT, AND GAINS/(LOSSES)						
Equine assisted revenue	\$ 391,566	\$ -	\$ 391,566	\$ 250,464	\$ -	\$ 250,464
Contributions	454,957	866,453	1,321,410	442,648	202,199	644,847
Special event income, net of direct benefit to donors	254,424	-	254,424	156,322	5,000	161,322
Gifts in kind	456,656	-	456,656	479,561	-	479,561
Investment income/(loss), net	17,306	121,561	138,867	13,382	139,650	153,032
Other income/(loss)	39,925	-	39,925	40,173	-	40,173
Net assets released from restrictions	300,095	(300,095)	-	277,676	(277,676)	-
	<u>1,914,929</u>	<u>687,919</u>	<u>2,602,848</u>	<u>1,660,226</u>	<u>69,173</u>	<u>1,729,399</u>
Total revenue, support, and gains/(losses)						
EXPENSES						
Program services	1,443,666	-	1,443,666	1,370,551	-	1,370,551
Support services:						
General and administrative	292,384	-	292,384	292,337	-	292,337
Fundraising	210,719	-	210,719	201,486	-	201,486
	<u>1,946,769</u>	<u>-</u>	<u>1,946,769</u>	<u>1,864,374</u>	<u>-</u>	<u>1,864,374</u>
Total expenses						
CHANGE IN NET ASSETS	(31,840)	687,919	656,079	(204,148)	69,173	(134,975)
NET ASSETS, BEGINNING OF YEAR	<u>5,948,917</u>	<u>1,222,817</u>	<u>7,171,734</u>	<u>6,153,065</u>	<u>1,153,644</u>	<u>7,306,709</u>
NET ASSETS, END OF YEAR	<u>\$ 5,917,077</u>	<u>\$ 1,910,736</u>	<u>\$ 7,827,813</u>	<u>\$ 5,948,917</u>	<u>\$ 1,222,817</u>	<u>\$ 7,171,734</u>

CLOVERLEAF EQUINE CENTER
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			
	Program Services	General and Administrative	Fundraising	Total
Salaries, taxes, and benefits	\$ 372,313	\$ 185,581	\$ 161,412	\$ 719,306
Maintenance, depreciation, and amortization	252,648	5,615	5,642	263,905
Facility costs	103,271	1,935	1,690	106,896
Horse expenses	108,191	-	-	108,191
Donated services	456,656	-	-	456,656
Paid professional fees	60,564	93,234	13,084	166,882
Other expenses	90,023	6,019	28,891	124,933
	\$ 1,443,666	\$ 292,384	\$ 210,719	\$ 1,946,769
	2023			
	Program Services	General and Administrative	Fundraising	Total
Salaries, taxes, and benefits	318,623	\$ 184,502	\$ 141,824	\$ 644,949
Maintenance, depreciation, and amortization	245,074	11,529	9,324	265,927
Facility costs	98,901	3,858	3,602	106,361
Horse expenses	122,980	-	-	122,980
Donated services	466,030	8,532	-	474,562
Paid professional fees	30,808	71,675	7,273	109,756
Other expenses	88,135	12,241	39,463	139,839
	\$ 1,370,551	\$ 292,337	\$ 201,486	\$ 1,864,374

The accompanying notes are an integral part of these financial statements.

**CLOVERLEAF EQUINE CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 656,079	\$ (134,975)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation and amortization	200,993	204,828
Realized and unrealized (gains)/losses on investments	(87,858)	(123,279)
Donated securities received	(637,513)	(17,030)
Proceeds from sales of contributed investments	65,437	17,030
Changes in assets and liabilities:		
Other assets	20,541	74,337
Accounts payable	1,851	(16,699)
Accrued payroll, taxes, and benefits	8,748	220
Other liabilities	3,341	13,427
Net change in cash from operating activities	231,619	17,859
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(46,165)	(3,135)
Purchase of investments	(2,332,491)	(1,929,671)
Proceeds from sales of contributed investments restricted for the building fund	557,489	-
Proceeds from sale or maturity of investments	1,360,860	1,938,314
Net change in cash from investing activities	(460,307)	5,508
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgage payable	(35,360)	(34,061)
Principal payments on line of credit	(37,082)	(34,828)
Net change in cash from financing activities	(72,442)	(68,889)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(301,130)	(45,522)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	777,535	823,057
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	\$ 476,405	\$ 777,535
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 71,964	\$ 74,115

**CLOVERLEAF EQUINE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 - THE ORGANIZATION

Cloverleaf Equine Center (Cloverleaf), (formerly The Northern Virginia Therapeutic Riding Program, Inc.) is a not-for-profit organization incorporated under the laws of the Commonwealth of Virginia on March 9, 1998. Cloverleaf was initially formed as a 4-H therapeutic riding program in 1980. The mission of Cloverleaf is to help each individual realize their highest potential by providing equine-assisted services to people with disabilities, youth from marginalized communities, recovering military personnel, and others in need, in an inclusive community setting. Cloverleaf owns and operates O'Shaughnessy Farm in Clifton, Virginia, which includes the Jean Edelman Indoor Riding Arena, an accessible playground, and the Harbitter Learning Center.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification, which is the sole source of authoritative accounting principles generally accepted in the United States of America (GAAP). Therefore, the financial statements of Cloverleaf have been prepared on the accrual basis of accounting. Cloverleaf reports information regarding its 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 subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Cloverleaf. These net assets may be used at the discretion of Cloverleaf's management and includes Board designated funds, which are funds that have been segregated by the Board to be spent only on specific purposes.

Net assets with donor restrictions - result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Cloverleaf pursuant to these stipulations. Donor restricted contributions are reported as increases in net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Cloverleaf considers all separately held checking, money market, and savings accounts with maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents held by investment managers as part of Cloverleaf's investment portfolio are included with investments in the accompanying statements of financial position.

Investments

Investments in money market funds, mutual funds, and fixed income obligations with readily determinable fair values are reported in the statements of financial position at their estimated fair value based on quoted market prices. Interest, dividends, and realized gains or losses are recorded when earned or sustained. Fluctuations in the market value of the portfolio are included in investment income in the accompanying statements of activities. Donated securities are recorded based on average quoted market values on the date the security is received and are sold upon receipt or immediately thereafter.

**CLOVERLEAF EQUINE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Cash

Cloverleaf has received donations for the construction of its facilities. Cloverleaf maintains these amounts as restricted cash or in investments since they will be used to purchase long-term assets. The following table provides a detail of cash, cash equivalents, and restricted cash as of December 31:

	2024	2023
Cash and cash equivalents	\$ 355,872	\$ 752,501
Restricted cash	120,533	25,034
Total cash, cash equivalents, and restricted cash shown on the statements of cash flows	\$ 476,405	\$ 777,535

The following table provides a detail of investments by restriction as of December 31:

	2024	2023
Investments restricted for facilities construction	\$ 568,061	\$ -
Endowment fund investments	1,188,965	1,110,404
Other investments	427,454	-
Total investments	\$ 2,184,480	\$ 1,110,404

Property and Equipment

Property and equipment (including horses, major renewals, replacements, and betterments), with a cost of \$500 or more, are capitalized at cost if purchased or at estimated fair market value, if donated. Expenditures for ordinary maintenance and repair are charged to expense as incurred. Upon the sale or other disposition of property, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the statements of activities. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets from two to forty years. The carrying value of long-lived assets is reviewed by management for impairment whenever events or changes in circumstances indicated the carrying amount may not be recoverable. As of December 31, 2024, management does not believe it has any long-lived assets that are impaired.

Revenue Recognition

Cloverleaf's primary sources of revenue are equine assisted fees earned in the conduct of programs, contributions from individuals, foundations, governments, and corporations including gifts in kind, and income from a special event.

**CLOVERLEAF EQUINE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

All contributions received and unconditional promises to give, are measured at their fair values. Conditional promises to give and amounts received in advance, including revocable estates and trusts, monthly donors, and reimbursement-basis grants, are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in more than one year are reported at their net present realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. Amortization of the discount is included in contributions income.

Special Event Income

Cloverleaf receives income from its fundraising event, the Polo Classic, that is recorded as the event occurred and net of estimates of direct benefits to donors, sponsors, and participants. Event attendees and sponsors receive some value in exchange for their payments, however, in most cases, the amount received is greater than the value provided in exchange and the excess is deemed to be contributions.

Equine Assisted Revenue

Equine assisted revenue consists of fees earned for various types of programs that utilize Cloverleaf's horses in the programs. It is recognized upon the completion of each client session. Fees are billed and collected from clients who have the means to pay or third-party payers if there is one based on individual agreed-upon arrangements. Services are provided both indoor and outside based on the needs of the client, availability of the facilities, and weather conditions. A summary of equine assisted revenue is as follows for the years ended December 31:

	2024	2023
Therapeutic riding	\$ 169,920	\$ 131,574
Physical therapy	25,854	29,501
Camp revenue	42,910	33,600
Horsemanship	24,441	14,910
Other	128,441	40,879
Total equine assisted revenue	\$ 391,566	\$ 250,464

**CLOVERLEAF EQUINE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Gifts in Kind

Cloverleaf reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Cloverleaf reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated services that enhance a non-financial asset and contributed services that are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying financial statements. Contributed services represent the value of donated program trained volunteers and other services and are recorded as contributions at their estimated fair market value as of the date of the donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program, general and administrative, and fundraising activities based on level of effort, use of space, or headcount.

Paycheck Protection Program (PPP) Loans

On April 10, 2020 and January 25, 2021, Cloverleaf received loan proceeds in the amount of \$77,512 and \$79,252, respectively, from the U.S. Small Business Administration (SBA) through the Paycheck Protection Program (PPP). Under the terms of the loans, funds were eligible to be forgiven if they were used for specific covered expenses. The loans were fully forgiven on March 17, 2021 and January 8, 2022, respectively. The SBA has the right to audit whether a borrower qualified for a PPP loan and met the conditions necessary for forgiveness of the loan up to six years after forgiveness is received. Cloverleaf believes the risk of noncompliance is not significant.

Income Taxes

Cloverleaf received a determination letter from the Internal Revenue Service (IRS) that it has been granted an exemption from federal income taxes and that it qualifies as a publicly supported organization under Section 501(c)(3) and 170(b)(1)(A)(vi) of the Internal Revenue Code (IRC). Cloverleaf has also been classified as an entity that is not a private foundation within the meaning of Section 509(a)(2) of the IRC. Cloverleaf believes that its operations are consistent with the nature of their exemption granted by the IRS. There is no current liability for income taxes and no temporary differences resulting in deferred taxes as of December 31, 2024 and 2023.

Cloverleaf is required to measure, recognize, present, and disclose in its financial statements uncertain income tax positions Cloverleaf has taken in the tax years that remain subject to examination or expects to take on an income tax return. Cloverleaf recognizes the tax benefits from uncertain income tax positions only if it is more likely than not the tax position will be sustained on examination by tax authorities. Cloverleaf recorded no liability for uncertain income tax positions for any open tax years.

**CLOVERLEAF EQUINE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Reclassifications

Certain prior year balances have been reclassified to conform with current year presentation.

Subsequent Events

Cloverleaf has evaluated subsequent events through October 3, 2025, which is the date the financial statements were available to be issued.

NOTE 3 – INVESTMENTS

Cloverleaf measures and reports financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair market value can fluctuate in times of market turmoil.

GAAP establishes a three-level disclosure hierarchy to indicate the level of judgment used to estimate fair value measurements:

- Level 1 - quoted prices in active market for identical assets or liabilities as of the reporting date;
- Level 2 - quoted prices for similar assets or liabilities in active markets or for identical or similar assets in markets that are not active and inputs other than quoted prices (such as interest rate and yield curves); and
- Level 3 - uses inputs that are unobservable, supported by little or no market activity, and reflect significant management judgment.

All of Cloverleaf's investments were considered Level 1 as of December 31, 2024 and 2023. The table below summarizes investments for items measured at fair value on a recurring basis:

	2024	2023
Cash and cash equivalents	\$ 964,387	\$ 6,834
Exchange traded funds	816,758	712,940
Equity mutual funds	65,186	72,239
Fixed income mutual funds	251,162	239,459
Government securities	86,987	78,932
Total investments	\$ 2,184,480	\$ 1,110,404

**CLOVERLEAF EQUINE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 3 – INVESTMENTS (continued)

Cloverleaf’s overall investment objective is to preserve the assets while endeavoring to earn a return on the assets sufficient to support a target of up to 5 percent distribution each year.

NOTE 4 – MORTGAGE AND LINE OF CREDIT

Cloverleaf has a mortgage note that was a refinancing of an existing loan. The loan was refinanced on July 16, 2020, carries a 3.95 percent interest rate, has a 7-year term, calls for monthly interest and principal payments of \$5,627, and is amortized over a 20-year term and therefore, contains a balloon payment at the end. The mortgage also has prepayment penalties. The note is secured by a first priority lien and Deed of Trust on the property, in addition to all assets of Cloverleaf. The balance on the mortgage payable was \$781,745 and \$817,105 as of December 31, 2024 and 2023, respectively.

In 2020, Cloverleaf also entered into a construction line of credit up to \$1,500,000 with a term of 7 years starting July 16, 2020, and a fixed interest rate of 3.95 percent. Proceeds were only to be used for the construction of the new indoor arena and were only available to be drawn for the first 24 months. After those first 24 months, the line has prepayment penalties. Interest only payments were due for the first 2 years and then monthly principal and interest payments are due based on a 20-year amortization schedule and a balloon payment due at the end of the term. The line of credit is also secured by the property Cloverleaf owns. The balance on the line of credit was \$973,771 and \$1,010,853 as of December 31, 2024 and 2023, respectively.

The note and line of credit contain loan to value ratio and debt service coverage ratio covenants as well as certain other nonfinancial covenants. As of December 31, 2024 and 2023, Cloverleaf was in compliance with those covenants. Interest expense for the years ended December 31, 2024 and 2023 was \$72,081 and \$75,624, respectively. Future minimum principal payments due on the mortgage payable and line of credit as of December 31 are as follows:

2025	\$	76,218
2026		79,304
2027		1,599,994
Total future minimum principal payments due	\$	1,755,516

NOTE 5 - SPECIAL EVENT INCOME

Cloverleaf held its Polo Classic event in the years ended December 31, 2024 and 2023. Net revenue consisted of:

	2024	2023
Gross revenue	\$ 345,986	\$ 289,482
Direct benefit to donors	(91,562)	(128,160)
Total	\$ 254,424	\$ 161,322

**CLOVERLEAF EQUINE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2024	2023
Land	\$ 1,521,425	\$ 1,521,425
Buildings and improvements	5,996,162	5,988,092
Permanent facility acquisition costs	67,472	67,472
Horses	189,996	189,996
Program equipment and vehicles	154,936	116,841
Other	19,111	19,111
Less: accumulated depreciation and amortization	(978,087)	(777,094)
Property and equipment, net	\$ 6,971,015	\$ 7,125,843

Total depreciation and amortization expense for the years ended December 31, 2024 and 2023, was \$200,993 and \$204,828, respectively.

NOTE 7 - NET ASSETS

Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes as of December 31:

	2024	2023
Purpose restricted:		
Building fund	\$ 688,594	\$ 24,534
Other temporary restrictions/grant funds	33,177	69,924
Korenbilt scholarships endowment fund	54,131	52,807
Cloverleaf endowment fund	1,134,834	1,057,597
Time and purpose restricted:		
Building fund	-	8,109
Other temporary restrictions/grant funds	-	9,846
Total net assets with donor restrictions	\$ 1,910,736	\$ 1,222,817

**CLOVERLEAF EQUINE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 7 - NET ASSETS (continued)

Net Assets With Donor Restrictions (continued)

The composition of net assets released from restrictions for the years ended December 31, was:

	2024	2023
Satisfaction of purpose restrictions:		
Building fund	\$ 8,109	\$ 7,000
Restricted/grant funds	291,986	245,676
COVID-19 relief	-	25,000
	\$ 300,095	\$ 277,676

Endowment Funds

Cloverleaf maintains two endowment funds: the Korenbilt scholarship fund and the Cloverleaf endowment fund. Cloverleaf is subject to the Commonwealth of Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) and thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. The Korenbilt scholarship fund is also subject to purpose restrictions that must be met before reclassifying the net assets to net assets without donor restrictions. Cloverleaf has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Cloverleaf considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of the initial and subsequent gift amounts and (b) any accumulations to the fund that are required to be in perpetuity as directed by the donor. Cloverleaf has further interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In addition, Cloverleaf 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 Cloverleaf and the donor-restricted endowment fund, (3) general economic conditions including the effect of inflation or deflation, (4) the expected total return from income and the appreciation of investments, (5) other resources of Cloverleaf, and (6) Cloverleaf's investment policies.

In addition, the Board has designated \$360,000 and \$315,000 as of December 31, 2024 and 2023, respectively, as a reserve fund for sustainability. The Board has established a policy to maintain this fund to approximate three-months of operations.

Cloverleaf has adopted investment and spending policies for endowment assets that are intended to support the long-term stability of Cloverleaf, augment fundraising, and to provide a vehicle for donors to make long-term gifts that support Cloverleaf's mission. Cloverleaf's primary endowment investment objective is to preserve the assets while endeavoring to earn a return on the assets sufficient to support a target of up to 5 percent distribution each year. The Board is committed to (1) protecting the corpus of the assets, (2) maintaining a diversified portfolio of assets in order to meet investment return objectives with a manageable level of risk, and (3) complying with applicable law and honoring donor intentions. The actual annual disbursement percentage will be set by the Board, under advisement from the Investment Committee of the Board and the investment manager at the end of the fiscal year for the coming fiscal year(s). The decision to set the disbursement percentage will be based on a review of trailing 12-month (or longer) asset performance, available forecasts, and recommendation of the investment manager.

**CLOVERLEAF EQUINE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 7 - NET ASSETS (continued)

Endowment Funds (continued)

A reconciliation of the beginning and ending balances of the endowment for the years ended December 31, 2024 and 2023, are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, January 1, 2023	\$ 315,000	\$ 995,768	\$ 1,310,768
Investment return, net	-	139,636	139,636
Amount appropriated for expenditure	-	(25,000)	(25,000)
Endowment net assets, December 31, 2023	315,000	1,110,404	1,425,404
Investment return, net	-	121,561	121,561
Transfers to board designated endowment funds	45,000	-	45,000
Amount appropriated for expenditure	-	(43,000)	(43,000)
Endowment net assets, December 31, 2024	<u>\$ 360,000</u>	<u>\$ 1,188,965</u>	<u>\$ 1,548,965</u>

Cloverleaf's endowment net asset composition by type of fund as of December 31, is as follows:

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Board designated reserve fund	<u>\$ 360,000</u>	<u>\$ -</u>	<u>\$ 360,000</u>
Donor-restricted endowment funds:			
Original donor restricted gift amount	-	1,050,000	1,050,000
Less: accumulated prudent use of funds	-	(81,986)	(81,986)
Accumulated investments gains	-	220,951	220,951
Total donor-restricted endowment funds	<u>-</u>	<u>1,188,965</u>	<u>1,188,965</u>
Total endowment funds	<u>\$ 360,000</u>	<u>\$ 1,188,965</u>	<u>\$ 1,548,965</u>

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NOTE 7 - NET ASSETS (continued)

Endowment Funds (continued)

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Board designated reserve fund	\$ 315,000	\$ -	\$ 315,000
Donor-restricted endowment funds:			
Original donor restricted gift amount	-	1,050,000	1,050,000
Less: accumulated prudent use of funds	-	(38,986)	(38,986)
Accumulated investments gains	-	99,390	99,390
Total donor-restricted endowment funds	-	1,110,404	1,110,404
Total endowment funds	\$ 315,000	\$ 1,110,404	\$ 1,425,404

Underwater Endowment Funds

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Cloverleaf to retain as a fund of perpetual duration. There were no deficiencies of this nature as of December 31, 2024 or 2023.

NOTE 8 - CONCENTRATION RISK

Cloverleaf maintains cash and investments in federally insured banks and broker-managed accounts and has exposure to credit risk on those accounts. Some cash held in bank and broker managed accounts is insured up to Federal Deposit Insurance Corporation (FDIC) limits. As of December 31, 2024, Cloverleaf had \$222,348 cash in excess of FDIC limits. Assets held in broker managed accounts are insured by the Securities Investor Protection Corporation (SIPC), which protects investors for up to \$500,000, including a maximum of \$250,000 for claims of cash equivalents, if the brokerage firm holding the assets becomes insolvent, but it does not insure the underlying assets of \$2,171,677. These assets fluctuate with changes in the market. Cloverleaf believes its credit risk is not significant.

Approximately 27 percent of total revenue, support, and gains/(losses) was received from one donor in the year ended December 31, 2024.

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NOTE 9 - GIFTS IN KIND

Patrons of Cloverleaf donate their time and talents for program and administrative activities and events that demonstrate to the community what Cloverleaf has to offer. Volunteers are either certified in the areas they are providing service in or are required to attend specially-tailored training for therapeutic riding to assist in riding lessons as side walkers and horse leaders as well as horse care and barn management and therefore possess the specialized skills necessary for the delivery of services. In addition, Cloverleaf received other professional contributed legal and/or farrier services in the years ended December 31, 2024 and 2023. From time to time, Cloverleaf receives a horse for its programs as a donation.

Gifts in kind revenue and corresponding expenses are comprised of the following for the years ended December 31:

	2024	2023
Volunteer program-related services	\$ 453,541	\$ 466,030
Donated horse	-	4,999
Donated farrier services	3,115	-
Donated legal services	-	8,532
Total gifts in kind income	\$ 456,656	\$ 479,561

The table below summarizes the valuation techniques and other information for each type of nonfinancial asset donated.

Nonfinancial Asset	Utilization in Activities	Donor Restrictions	Valuation Techniques and Inputs
Program-related services	Program activities	None	Cloverleaf estimated the fair value based on number of hours and average volunteer hourly value for Virginia as published by a third-party organization.
Farrier services	Program activities	None	Cloverleaf estimated the fair value based on donor provided hours and normal billing rates for the services provided.
Legal services	General and administrative	None	Cloverleaf estimated the fair value based on donor provided hours and normal billing rates for the services provided.
Donated horses	Program activities	None	Cloverleaf estimated the fair value based on similar sales quoted by third parties.

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NOTE 10 - FINANCIAL ASSETS AND LIQUIDITY

Financial assets available within the years of operations that are not subject to restrictions that make them unavailable for general operations as of December 31, were as follows:

	2024	2023
Cash, cash equivalents, and restricted cash	\$ 476,405	\$ 777,535
Investments	2,184,480	1,110,404
Other current assets	17,966	38,507
Less: amounts unavailable for general operations due to donor restrictions that limit their use including restrictions on cash	(1,910,736)	(1,222,817)
Less: amounts unavailable for general operations due to board designations that limit their use	(360,000)	(315,000)
Total financial assets available within one year for operations	\$ 408,115	\$ 388,629

As part of liquidity management, Cloverleaf has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations that come due.