

SHINING HORIZONS THERAPEUTIC RIDING ASSOCIATION INC.

Financial Statements

Year Ended December 31, 2025

SHINING HORIZONS THERAPEUTIC RIDING ASSOCIATION INC.

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Year Ended December 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Shining Horizons Therapeutic Riding Association Inc.

Qualified Opinion

We have audited the financial statements of Shining Horizons Therapeutic Riding Association Inc. (the "Association"), which comprise the statement of financial position as at December 31, 2025, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from donation and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2025, current assets and net assets as at December 31, 2025. The predecessor auditor's opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 independent of the Association in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Matter

The financial statements for the year ended December 31, 2024 were audited by another auditor who expressed a qualified opinion on those financial statements on September 17, 2025 for the reasons described in the *Basis for Qualified Opinion* section.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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Independent Auditor's Report to the Members of Shining Horizons Therapeutic Riding Association Inc. *(continued)*

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent Auditor's Report to the Members of Shining Horizons Therapeutic Riding Association Inc. *(continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saint John, NB
June 8, 2026


Chartered Professional Accountants, P.C. Inc.

SHINING HORIZONS THERAPEUTIC RIDING ASSOCIATION INC.

Statement of Financial Position

December 31, 2025

	Operating Fund 2025	Capital Fund 2025	Total 2025	Total 2024
ASSETS				
CURRENT				
Cash (<i>Notes 2, 4</i>)	\$ 78,684	\$ 20,867	\$ 99,551	\$ 98,757
Marketable securities	-	-	-	15,459
Accounts receivable	34,211	-	34,211	9,379
Harmonized sales tax recoverable	5,098	-	5,098	3,199
Prepaid expenses	9,623	-	9,623	9,271
	<u>127,616</u>	<u>20,867</u>	<u>148,483</u>	<u>136,065</u>
CAPITAL ASSETS (<i>Notes 2, 5</i>)	<u>16,339</u>	<u>1,293,077</u>	<u>1,309,416</u>	<u>1,358,432</u>
	<u>\$ 143,955</u>	<u>\$ 1,313,944</u>	<u>\$ 1,457,899</u>	<u>\$ 1,494,497</u>
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable (<i>Note 3</i>)	\$ 23,524	\$ -	\$ 23,524	\$ 27,176
Employee deductions payable	4,264	-	4,264	4,251
Deferred contributions (<i>Notes 2, 6</i>)	48,229	20,867	69,096	63,260
	<u>76,017</u>	<u>20,867</u>	<u>96,884</u>	<u>94,687</u>
DEFERRED CAPITAL CONTRIBUTIONS (<i>Note 7</i>)	<u>-</u>	<u>1,201,077</u>	<u>1,201,077</u>	<u>1,260,201</u>
	<u>76,017</u>	<u>1,221,944</u>	<u>1,297,961</u>	<u>1,354,888</u>
NET ASSETS	<u>67,938</u>	<u>92,000</u>	<u>159,938</u>	<u>139,609</u>
	<u>\$ 143,955</u>	<u>\$ 1,313,944</u>	<u>\$ 1,457,899</u>	<u>\$ 1,494,497</u>

See notes to financial statements

SHINING HORIZONS THERAPEUTIC RIDING ASSOCIATION INC.

Statement of Revenues and Expenditures

Year Ended December 31, 2025

	Operating Fund 2025	Capital Fund 2025	Total 2025	Total 2024
REVENUES (Note 2)				
Donations and fundraising income	\$ 193,623	\$ -	\$ 193,623	\$ 251,036
Riding sessions and boarding	139,615	-	139,615	74,180
Government grants	22,179	-	22,179	34,289
Simulator revenue	662	-	662	1,200
Interest income	315	45	360	2,513
Amortization of deferred capital contributions (Note 7)	-	59,124	59,124	66,691
	<u>356,394</u>	<u>59,169</u>	<u>415,563</u>	<u>429,909</u>
EXPENDITURES				
Salaries and wages	204,073	-	204,073	210,199
Animal care	47,132	-	47,132	53,832
Instructor fees	32,816	-	32,816	19,898
Professional fees	14,500	-	14,500	9,150
Advertising and promotion	12,347	-	12,347	1,914
Insurance	10,940	-	10,940	9,471
Office	8,286	-	8,286	7,769
Repairs and maintenance	8,326	-	8,326	4,984
Bad debts	1,835	-	1,835	1,275
Property taxes	1,825	-	1,825	1,680
Interest and bank charges	1,120	45	1,165	1,228
Training	790	-	790	1,243
Memberships	490	-	490	595
Amortization	1,144	59,124	60,268	67,232
	<u>345,624</u>	<u>59,169</u>	<u>404,793</u>	<u>390,470</u>
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	10,770	-	10,770	39,439
OTHER INCOME				
Gain on sale of marketable securities	9,559	-	9,559	6,853
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 20,329</u>	<u>\$ -</u>	<u>\$ 20,329</u>	<u>\$ 46,292</u>

See notes to financial statements

SHINING HORIZONS THERAPEUTIC RIDING ASSOCIATION INC.

Statement of Changes in Net Assets

Year Ended December 31, 2025

	Operating Fund 2025	Capital Fund 2025	Total 2025	Total 2024
NET ASSETS - BEGINNING OF YEAR	\$ 47,609	\$ 92,000	\$ 139,609	\$ 93,317
Excess of revenues over expenditures	20,329	-	20,329	46,292
NET ASSETS - END OF YEAR	\$ 67,938	\$ 92,000	\$ 159,938	\$ 139,609

See notes to financial statements

SHINING HORIZONS THERAPEUTIC RIDING ASSOCIATION INC.

Statement of Cash Flows

Year Ended December 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 20,329	\$ 46,292
Items not affecting cash:		
Donated marketable securities	-	(35,049)
Amortization of deferred capital contributions	(59,124)	(66,691)
Gain on sale of marketable securities	(9,559)	(6,853)
Amortization of capital assets	60,268	67,232
	<u>11,914</u>	4,931
Changes in non-cash working capital:		
Accounts receivable	(24,832)	4,262
Harmonized sales tax recoverable	(1,899)	(3,199)
Prepaid expenses	(352)	(1,076)
Accounts payable	(3,651)	(1,554)
Employee deductions payable	13	(217)
Deferred contributions	5,836	873
	<u>(24,885)</u>	(911)
Cash flow from (used by) operating activities	<u>(12,971)</u>	4,020
INVESTING ACTIVITIES		
Proceeds (purchase) of marketable securities, net	25,017	62,190
Purchase of capital assets	(11,252)	-
Cash flow from investing activities	<u>13,765</u>	62,190
FINANCING ACTIVITY		
Repayment of callable debt	-	(32,300)
INCREASE IN CASH FLOW	794	33,910
Cash - beginning of year	<u>98,757</u>	64,847
CASH - END OF YEAR	\$ 99,551	\$ 98,757
CASH CONSISTS OF:		
Cash	\$ 52,988	\$ 38,409
Restricted cash	<u>46,563</u>	60,348
	<u>\$ 99,551</u>	\$ 98,757

See notes to financial statements

SHINING HORIZONS THERAPEUTIC RIDING ASSOCIATION INC.

Notes to Financial Statements

Year Ended December 31, 2025

1. NATURE OF OPERATIONS

Shining Horizons Therapeutic Riding Association Inc. (the Association) is a not-for-profit organization in New Brunswick incorporated under the not-for-profit Corporations Act of Canada. As a registered charity, the Association is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The Association provides horseback riding programs for mentally and physically challenged people as a source of enjoyment, therapeutic exercise and recreational sport.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund accounting

Shining Horizons Therapeutic Riding Association Inc. follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Capital Fund reports the assets, liabilities, revenues, and expenses related to the Association's capital assets and revenue and expenses related to fundraising campaigns to raise money for the purchase and construction of new tangible capital assets.

Cash and cash equivalents

Cash includes cash and cash equivalents. The company considers cash on hand and balances with banks net of overdrafts as cash and cash equivalents.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Land improvements	7%
Buildings	2% to 10%
Equipment	5% to 33%
Therapeutic horses	10%

The Association regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as deferred contributions and amortized to revenue equal to the amount of amortization of the related tangible capital asset.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed capital assets are recorded at fair value on the date of contribution. They are recognized as revenue on the same basis as the related capital assets are amortized to expense.

Amortization is recorded beginning in month the capital asset is available for use, until the asset is disposed of or discontinued.

Revenue recognition

Shining Horizons Therapeutic Riding Association Inc. follows the deferral method of accounting for contributions.

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SHINING HORIZONS THERAPEUTIC RIDING ASSOCIATION INC.

Notes to Financial Statements

Year Ended December 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from donations and fundraising activities is recognized when it is received.

Riding revenues are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

Investment income earned in the Capital Fund has been added to deferred fundraising revenue.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

3. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2025.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. In order to reduce its credit risk, the Association reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of customers which minimizes concentration of credit risk. As at December 31, 2025, the Association had an allowance for doubtful accounts of \$375 (2024 - nil).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable.

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

SHINING HORIZONS THERAPEUTIC RIDING ASSOCIATION INC.

Notes to Financial Statements

Year Ended December 31, 2025

4. RESTRICTED CASH

Included in cash is \$46,563 (2024 - \$60,348), which is externally restricted for the following program costs:

	2025	2024
SEED Projects	\$ 33,123	\$ 48,000
Rider Fund	13,440	12,348
	\$ 46,563	\$ 60,348

Restricted cash is classified as current as it is to be used for programs of the Operating Fund in the subsequent year.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	\$ 92,000	\$ -	\$ 92,000	\$ 92,000
Land improvements	162,935	67,091	95,844	101,665
Buildings	1,198,101	159,019	1,039,082	1,066,216
Equipment	238,265	164,979	73,286	92,322
Therapeutic horses	10,228	1,024	9,204	6,229
	\$ 1,701,529	\$ 392,113	\$ 1,309,416	\$ 1,358,432

6. DEFERRED CONTRIBUTIONS

The deferred contributions represent externally restricted contributions for program expenditures. The change in deferred contributions and the balance at the end of the year are as follows:

	Balance, beginning of year	Received	Recognized	Balance, end of year
Operating Fund				
New programs	\$ 48,000	\$ -	\$ 14,877	\$ 33,123
Riding revenue	12,348	62,500	61,408	13,440
Sponsorship	2,000	-	334	1,666
	62,348	62,500	76,619	48,229
Capital Fund				
General capital campaign	912	-	45	867
Care farm	-	20,000	-	20,000
	912	20,000	45	20,867
	\$ 63,260	\$ 82,500	\$ 76,664	\$ 69,096

SHINING HORIZONS THERAPEUTIC RIDING ASSOCIATION INC.

Notes to Financial Statements

Year Ended December 31, 2025

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent contributions to the Association for the purchase of capital assets. These contributions are amortized to revenue on the same basis as the related capital assets are amortized to expenditures. The change in deferred capital contributions balance for the year is as follows:

	Balance, beginning of year	Received	Amortized to revenue	Balance, end of year
General capital campaign	\$ 1,208,444	\$ -	\$ (49,311)	\$ 1,159,133
Simulator	51,228	-	(9,284)	41,944
Simulator lift	529	-	(529)	-
	<u>\$ 1,260,201</u>	<u>\$ -</u>	<u>\$ (59,124)</u>	<u>\$ 1,201,077</u>