

UNBRIDLED THOROUGHBRED FOUNDATION

**Financial Statements
as of December 31, 2024 and 2023
Together with
Independent Accountant's Review Report**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

August 15, 2025

To the Board of Directors of
Unbridled Thoroughbred Foundation:

We have reviewed the accompanying financial statements of Unbridled Thoroughbred Foundation (a New York State nonprofit corporation), which comprise the statements of assets, liabilities and net assets - modified cash basis as of December 31, 2024 and 2023, and the related statements of support and revenues, expenses, and other changes in net assets - modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Unbridled Thoroughbred Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

UNBRIDLED THOROUGHbred FOUNDATION

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS

DECEMBER 31, 2024 AND 2023

(See Independent Accountant's Review Report)

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS: Cash	\$ 39,478	\$ 43,633
PROPERTY AND EQUIPMENT, net	<u>1,545,350</u>	<u>1,565,162</u>
Total assets	<u>\$ 1,584,828</u>	<u>\$ 1,608,795</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES: Current portion of long-term debt	\$ 98,381	\$ 224,919
LONG-TERM DEBT, net of current portion and unamortized debt issuance costs	<u>155,462</u>	<u>230,962</u>
Total liabilities	<u>253,843</u>	<u>455,881</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,330,985</u>	<u>1,152,914</u>
Total liabilities and net assets	<u>\$ 1,584,828</u>	<u>\$ 1,608,795</u>

The accompanying notes are an integral part of these statements.

UNBRIDLED THOROUGHBRED FOUNDATION

STATEMENTS OF SUPPORT AND REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(See Independent Accountant's Review Report)

	<u>2024</u>	<u>2023</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING SUPPORT AND REVENUES:		
Contributions	\$ 791,995	\$ 644,449
Rental income	-	11,500
Product sales	<u>492</u>	<u>-</u>
Total operating support and revenues	<u>792,487</u>	<u>655,949</u>
OPERATING EXPENSES:		
Program services	565,760	449,065
General and administrative	3,430	3,254
Fundraising	<u>45,283</u>	<u>18,713</u>
Total operating expenses	<u>614,473</u>	<u>471,032</u>
CHANGE IN NET ASSETS FROM OPERATIONS	178,014	184,917
NON-OPERATING INCOME: Interest income	<u>57</u>	<u>-</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	178,071	184,917
NET ASSETS WITHOUT DONOR RESTRICTIONS - beginning of year	<u>1,152,914</u>	<u>967,997</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - end of year	<u>\$ 1,330,985</u>	<u>\$ 1,152,914</u>

The accompanying notes are an integral part of these statements.

UNBRIDLED THOROUGHBRED FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2024 (See Independent Accountant's Review Report)

	Program Services	General and Administrative	Fundraising	Total
Feed and bedding	\$ 149,563	\$ -	\$ -	\$ 149,563
Facilities and equipment	113,371	629	3,837	117,837
Contract services	75,483	-	360	75,843
Horse care	67,768	-	-	67,768
Other stable expenses	13,592	349	31,448	45,389
Depreciation	43,112	-	-	43,112
Office supplies	18,448	448	4,264	23,160
Interest	20,337	-	-	20,337
Insurance	15,471	1,083	2,786	19,340
Information technology	11,004	267	738	12,009
Payroll	11,013	-	-	11,013
Professional fees	8,588	444	1,850	10,882
Barn supplies	8,608	-	-	8,608
Payroll taxes and insurance	3,715	-	-	3,715
Travel	2,879	42	-	2,921
Charitable donations	2,213	-	-	2,213
Advertising	595	-	-	595
Miscellaneous	-	168	-	168
	<u>\$ 565,760</u>	<u>\$ 3,430</u>	<u>\$ 45,283</u>	<u>\$ 614,473</u>

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

UNBRIDLED THOROUGHBRED FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2023 (See Independent Accountant's Review Report)

	Program Services	General and Administrative	Fundraising	Total
Feed and bedding	\$ 146,729	\$ -	\$ -	\$ 146,729
Horse care	83,382	-	-	83,382
Facilities and equipment	57,939	429	1,587	59,955
Depreciation	40,987	-	-	40,987
Contract services	29,333	-	4,513	33,846
Interest	22,463	-	-	22,463
Other stable expenses	12,742	719	6,731	20,192
Information technology	13,322	648	758	14,728
Office supplies	12,051	80	1,868	13,999
Barn supplies	10,354	-	-	10,354
Insurance	7,476	728	1,897	10,101
Professional fees	7,200	263	787	8,250
Travel	3,061	55	-	3,116
Advertising	1,616	12	572	2,200
Charitable donations	410	-	-	410
Staff development	-	320	-	320
	<u>\$ 449,065</u>	<u>\$ 3,254</u>	<u>\$ 18,713</u>	<u>\$ 471,032</u>

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

UNBRIDLED THOROUGHbred FOUNDATION

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(See Independent Accountant's Review Report)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 178,071	\$ 184,917
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	43,112	40,987
Amortization of debt issuance costs through interest expense	<u>8,709</u>	<u>9,854</u>
Net cash flow from operating activities	<u>229,892</u>	<u>235,758</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(23,300)</u>	<u>(18,489)</u>
Net cash flow from investing activities	<u>(23,300)</u>	<u>(18,489)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	<u>(210,747)</u>	<u>(196,274)</u>
Net cash flow from financing activities	<u>(210,747)</u>	<u>(196,274)</u>
CHANGE IN CASH	(4,155)	20,995
CASH - beginning of year	<u>43,633</u>	<u>22,638</u>
CASH - end of year	<u>\$ 39,478</u>	<u>\$ 43,633</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 11,628</u>	<u>\$ 12,609</u>

The accompanying notes are an integral part of these statements.

UNBRIDLED THOROUGHBRED FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(See Independent Accountant's Review Report)

1. THE ORGANIZATION

Unbridled Thoroughbred Foundation (the Organization) is organized to protect thoroughbreds from abuse, neglect, suffering and slaughter. The Organization rescues, redeems, rehomes, and provides sanctuary for unwanted thoroughbreds. Through advocacy, education, and hands-on engagement the Organization sheds light on the inherent value of thoroughbreds to inspire kindness and to strengthen the horse-to-human bond.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). Modifications to the cash basis of accounting include recording property and equipment financed with debt and its related depreciation, which are carried at fair market value rather than at cost. Except for depreciation, all transactions are recognized as either revenue or expenses when received or paid in cash. Under U.S. GAAP, revenues from Fundraising Events, Product Sales and other revenues would predominately be recognized at a point in time.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash

The Organization maintains its cash in bank and deposit accounts, which, at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk with respect to cash.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation calculated under the straight-line method over the estimated useful lives of the assets. Expenditures for fixed assets, major renewals and replacements, and equipment costing over \$2,500 are capitalized.

Debt Issuance Costs

Debt issuance costs are recognized as interest expense on the straight-line basis over the term of the related debt. Amortization of debt issuance costs was \$8,709 and \$9,854 for the years ended December 31, 2024 and 2023. Amortization is expected to be approximately \$3,000 for 2025 – 2027 and approximately \$700 in 2028.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting

Net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – This category of net assets is not restricted by donors. The Board can authorize use of these assets, as it desires, to carry on the purpose of the Organization according to its bylaws.

Net Assets with Donor Restrictions – This category of net assets represents donor-imposed restrictions that permit the Organization to use up or expend the donated assets as specified. Net assets with donor restrictions are satisfied either by the passage of time or by actions of the Organization. The Organization has no donor restricted assets.

Contributions

The Organization records contributions when they are received. All contributions are considered to be available for use without donor restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its mission. The Organization receives approximately 30 volunteer hours per year that have not been recorded in the statement of revenues, expenses, and other changes in net assets. Additionally, the Organization received donated supplies that have not been recorded in the statement of revenues, expenses, and other changes in net assets. Donated supplies for the years ended December 31, 2024 and 2023 was \$31,654 and \$11,930, respectively. The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization.

Revenue Recognition

Product sales consisted of sales of various merchandise. Rental income consists of renting out their horse stalls to clients. This is done on a month-to-month basis, as needed. Sales and rental income is recognized when the Organization receives the cash for the product or service. Performance obligations for the sales are at time of delivery, at a point in time, not over time, and therefore these types of fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period using the input method.

Lessor Accounting

The Organization elected for all classes of underlying assets to not separate the lease and nonlease components of a contract and to account for as a single lease component. Non-lease components consist of maintenance and repairs. The single lease component is accounted for under ASC 842. Any maintenance and repairs conducted outside of the rental agreement are accounted for under ASC 606 as they are not part of the lease contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lessor Accounting (Continued)

At lease commencement, the Organization estimates the residual value of the leased asset at the end of the lease term, considering the asset's remaining useful life, expected market condition, and expected use (e.g., sell or lease). The Organization's ability to realize the residual value at the end of the lease term could be adversely affected by unusual wear and tear of the building or equipment. This risk is managed through periodic inspection of property and equipment for condition and possible misuse. In addition, the Organization monitors the property market for obsolescence or market value decline, which also assists the estimation process for future leases.

The Organization derives rental income from renting its stables on a short-term basis and is recognized when received.

Income Taxes

The Organization is a New York not-for-profit corporation exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified by the Internal Revenue Service as an entity that is not a private foundation.

Advertising Costs

Advertising costs have been expensed as incurred. Advertising costs for the years ended December 31, 2024 and 2023 were \$595 and \$2,200, respectively.

Operations

The statements of revenues, expenses, and other changes in net assets – modified cash basis present the changes in net assets of the Organization from operating activities and nonoperating activities. Operating revenues and expenses relate primarily to the various program activities for the purpose of representing the Organization with various programs activities, contributions and product sales. Non-operating activities reflect transactions not related to current year operations. These include income or losses on the Organization's interest bearing checking accounts.

Allocation of Certain Expenses

The financial statements report certain categories of expenses that are attributable to program, fundraising or supporting functions. Those expenses include costs such as contract service, office supplies and insurance which are allocated based on management's estimate of usage based on activities. All other expenses are directly charged.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization is substantially supported by contributions. As such, the Organization regularly monitors liquidity required to meet its annual operating needs.

The Organization's financial assets available to meet cash needs for general expenditures within one year as of December 31:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash	<u>\$ 39,478</u>	<u>\$ 43,633</u>
 Total financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 39,478</u>	 <u>\$ 43,633</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Cash is maintained in demand deposit accounts and is not constrained by compensating balance or other restrictions.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Buildings	\$ 1,284,125	\$ 1,270,825
Furniture and equipment	56,199	46,199
Land	<u>314,000</u>	<u>314,000</u>
 Total	 1,654,324	 1,631,024
Less: Accumulated depreciation	<u>(108,974)</u>	<u>(65,862)</u>
 Property and equipment, net	 <u>\$ 1,545,350</u>	 <u>\$ 1,565,162</u>

Depreciation expense was \$43,112 and \$40,987 for the years ended December 31, 2024 and 2023, respectively.

5. LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Note payable to John L. English, LLC, payable in 64 monthly installments of \$2,788 and a 65th installment of \$2,483, including interest at 3.50%. Five additional \$50,000 payments are due September of each year in addition to the monthly installments. Secured by the property acquired under the note. Final payment is due February 2028.	\$ 241,032	\$ 316,157
Note payable to Enid Stettner and Adam Stettner as trustees of the Alfred Stettner Family Trust f/b/a Enid Stettner, payable as follows: 11 monthly principal installments of \$1,000 each; \$130,000 principal payment on the 12th month; 11 monthly principal payments of \$1,000 for the months 13-23 and \$118,000 due on the 24th month. Interest at 7% is deferred and subject to reinstatement upon the occurrence of an event default beyond any applicable cure period. The note is secured by the property purchased under the note. Final payment is due January 2025.	17,000	146,000
Kubota Credit Corporation, notes payable in monthly installments of \$510 including interest at 4.79%. The note was collateralized by the equipment financed. Final payment is due December 2025.	<u>5,517</u>	<u>12,139</u>
Total	263,549	474,296
Less: Current portion of long-term debt	<u>98,381</u>	<u>224,919</u>
Total long-term portion	165,168	249,377
Less: Unamortized debt issuance costs	<u>9,706</u>	<u>18,415</u>
Long-term debt, net of current portion and unamortized debt issuance costs	<u>\$ 155,462</u>	<u>\$ 230,962</u>

5. LONG-TERM DEBT (Continued)

Maturities of long-term debt are as follows for the years ending December 31:

2025	\$	98,381
2026		78,563
2027		81,357
2028		<u>5,248</u>
Total	\$	<u>263,549</u>

Interest expense including amortization on debt issuance cost was \$20,337 and \$22,463 for the years ended December 31, 2024 and 2023, respectively.

6. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 15, 2025, which is the date the financial statements were available to be issued.