

**UNBRIDLED THOROUGHBRED FOUNDATION**

**Financial Statements  
as of December 31, 2023 and 2022  
Together with  
Independent Accountant's Review Report**

## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

November 14, 2024

The Board of Directors  
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, 2023 and 2022, and the related statements of revenues, expense, 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.

6 Wembley Court  
Albany, NY 12205  
p (518) 464-4080  
f (518) 464-4087

[www.bonadio.com](http://www.bonadio.com)

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## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

(Continued)

### **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, 2023 AND 2022

(See Independent Accountant's Review Report)

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	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
CURRENT ASSETS: Cash	\$ 43,633	\$ 22,638
PROPERTY AND EQUIPMENT, net	<u>1,565,162</u>	<u>1,587,660</u>
Total assets	<u>\$ 1,608,795</u>	<u>\$ 1,610,298</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES: Current portion of long-term debt	\$ 224,919	\$ 217,159
LONG-TERM DEBT, net of current portion and unamortized debt issuance costs	<u>230,962</u>	<u>425,142</u>
Total liabilities	<u>455,881</u>	<u>642,301</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,152,914</u>	<u>967,997</u>
Total liabilities and net assets	<u><u>\$ 1,608,795</u></u>	<u><u>\$ 1,610,298</u></u>

The accompanying notes are an integral part of these statements.

## UNBRIDLED THOROUGHBRED FOUNDATION

### STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(See Independent Accountant's Review Report)

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	<u>2023</u>	<u>2022</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
OPERATING REVENUE AND SUPPORT:		
Contributions	\$ 644,449	\$ 405,474
Rental income	11,500	16,225
Contributions of nonfinancial assets	-	750,000
Product sales	-	1,460
Interest income	-	1
	<hr/>	<hr/>
Total operating revenue and support	655,949	1,173,160
	<hr/>	<hr/>
OPERATING EXPENSES:		
Program services	449,065	350,713
General and administrative	3,254	15,673
Fundraising	18,713	13,520
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Total operating expenses	471,032	379,906
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CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	184,917	793,254
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NON-OPERATING LOSS: Sales of fixed assets	-	(11,306)
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TOTAL CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	184,917	781,948
	<hr/>	<hr/>
NET ASSETS WITHOUT DONOR RESTRICTIONS - beginning of year	967,997	186,049
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NET ASSETS WITHOUT DONOR RESTRICTIONS - end of year	<u>\$ 1,152,914</u>	<u>\$ 967,997</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, 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
Total functional expenses	<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

### STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2022

(See Independent Accountant's Review Report)

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Feed and bedding	\$ 101,313	\$ -	\$ -	\$ 101,313
Contract services	65,666	-	-	65,666
Horse care	57,473	-	-	57,473
Facilities and equipment	42,784	402	1,143	44,329
Other stable expenses	10,988	506	5,963	17,457
Depreciation	17,230	-	-	17,230
Professional fees	2,615	11,345	500	14,460
Insurance	10,623	357	1,531	12,511
Barn supplies	11,284	-	-	11,284
Property taxes	11,116	-	-	11,116
Office supplies	4,198	2,331	1,664	8,193
Information technology	5,808	385	1,016	7,209
Interest expense	5,981	-	-	5,981
Charitable donations	1,898	-	-	1,898
Staff development	595	271	613	1,479
Advertising	438	-	958	1,396
Travel	703	76	132	911
Total functional expenses	<u>\$ 350,713</u>	<u>\$ 15,673</u>	<u>\$ 13,520</u>	<u>\$ 379,906</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, 2023 AND 2022

(See Independent Accountant's Review Report)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 184,917	\$ 781,948
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	40,987	17,230
Amortization of debt issuance costs through interest expense	9,854	1,642
Non-cash contributions	-	(750,000)
Loss on sale of property and equipment	-	11,306
Net cash flow from operating activities	<u>235,758</u>	<u>62,126</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	-	7,500
Purchase of property and equipment	(18,489)	(165,499)
Accounts payable - property and equipment	-	(405)
Net cash flow from investing activities	<u>(18,489)</u>	<u>(158,404)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt issuance costs	-	(29,911)
Payments on long-term debt	(196,274)	(11,655)
Net cash flow from financing activities	<u>(196,274)</u>	<u>(41,566)</u>
CHANGE IN CASH	20,995	(137,844)
CASH - beginning of year	<u>22,638</u>	<u>160,482</u>
CASH - end of year	<u>\$ 43,633</u>	<u>\$ 22,638</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid the year for interest	<u>\$ 12,609</u>	<u>\$ 4,339</u>
Building purchased through issuance of debt	<u>\$ -</u>	<u>\$ 660,000</u>

The accompanying notes are an integral part of these statements.



# UNBRIDLED THOROUGHBRED FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

(See Independent Accountant's Review Report)

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### 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 \$9,854 and \$1,642 for the years ended December 31, 2023 and 2022. Amortization is expected to be approximately \$9,800 for 2025 and approximately \$2,900 for 2026 – 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 rent and supplies that have not been recorded in the statement of revenues, expenses, and other changes in net assets. Donated rent for both the years ended December 31, 2023 and 2022 was \$0. Donated supplies for the years ended December 31, 2023 and 2022 was \$11,930 and \$6,043, respectively. The Organization uses its donated facilities on a month-to-month basis. 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.

### **Contribution of Nonfinancial Assets**

In 2022, the Organization purchased property with a fair market value of \$1,250,000 for a cost of \$500,000. An in-kind contribution is recorded in the statement of activities for the year ended December 31, 2022 for \$750,000 which is the amount by which the fair market value of the property exceeds the purchase price of the property and is included in the Statement of Revenues, Expenses and Other Changes in Net Assets – Modified Cash Basis.

### **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, 2023 and 2022 were \$2,200 and 1,396, respectively.

### **Statements of Activities**

The statement of activities is divided into operating and non-operating components. Revenue and expenses directly associated with the day-to-day operations are included in operating income. Certain nonrecurring revenue and costs are classified as nonoperating income.

### **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.

### **Reclassifications**

Certain reclassifications have been made to the prior year's financial statements in order to enhance comparability with the current year's presentation.

### 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>2023</u>	<u>2022</u>
Financial assets:		
Cash	<u>\$ 43,633</u>	<u>\$ 22,638</u>
 Total financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 43,633</u>	 <u>\$ 22,638</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 consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Buildings	\$ 1,270,825	\$ 1,256,000
Furniture and equipment	46,199	42,535
Land	<u>314,000</u>	<u>314,000</u>
 Total	1,631,024	1,612,535
Less: Accumulated depreciation	<u>(65,862)</u>	<u>(24,875)</u>
 Property and equipment, net	 <u>\$ 1,565,162</u>	 <u>\$ 1,587,660</u>

Depreciation expense was \$40,987 and \$17,230 for the years ended December 31, 2023 and 2022, respectively.

## 5. LONG-TERM DEBT

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

	<u>2023</u>	<u>2022</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.	\$ 316,157	\$ 385,034
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 October 2024.	146,000	268,000
Kubota Credit Corporation, notes payable in monthly installments of \$510 including interest at 4.79%. The note was collateralized by the equipment financed. First payment is due December 2025.	<u>12,139</u>	<u>17,535</u>
Total	474,296	670,569
Less: Current portion of long-term debt	<u>224,919</u>	<u>217,159</u>
Total long-term portion	249,377	453,410
Less: Unamortized debt issuance costs	<u>18,415</u>	<u>28,268</u>
Long-term debt, net of current portion and unamortized debt issuance costs	<u><u>\$ 230,962</u></u>	<u><u>\$ 425,142</u></u>

**5. LONG-TERM DEBT (Continued)**

Maturities of long-term debt are as follows:

For the Year Ending December 31,

2024	\$ 224,919
2025	81,802
2026	79,104
2027	81,357
2028	<u>7,114</u>
Total	<u>\$ 474,296</u>

Interest expense including amortization on debt issuance cost was \$22,462 and \$5,981 for the years ended December 31, 2023 and 2022, respectively.

**6. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 14, 2024, which is the date the financial statements were available to be issued.