

UNBRIDLED THOROUGHBRED FOUNDATION

**Financial Statements
as of December 31, 2022 and 2021
Together with
Independent Accountant's Review Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

December 12, 2023

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, 2022 and 2021, and the related statements of revenues, expenses, and other changes in net assets, 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.

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

www.bonadio.com

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

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.

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.

Bonadio & Co., LLP

UNBRIDLED THOROUGHBRED FOUNDATION

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -- MODIFIED CASH BASIS DECEMBER 31, 2022 AND 2021

(See Independent Accountant's Review Report)

ASSETS	2022	2021
CURRENT ASSETS: Cash	\$ 22,638	\$ 160,482
FIXED ASSETS:		
Buildings	1,256,000	-
Furniture and equipment	42,535	58,596
	1,298,535	58,596
Less: Accumulated depreciation	24,875	10,399
	1,273,660	48,197
Land	314,000	-
Fixed asset, net	1,587,660	48,197
	<u>\$ 1,610,298</u>	<u>\$ 208,679</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable - fixed assets	\$ -	\$ 405
Current portion of long-term debt	217,159	5,164
Total current liabilities	217,159	5,569
LONG-TERM DEBT, net of current portion	425,142	17,061
Total liabilities	642,301	22,630
NET ASSETS:		
Without donor restrictions	967,997	186,049
	<u>\$ 1,610,298</u>	<u>\$ 208,679</u>

The accompanying notes are an integral part of these statements.

UNBRIDLED THOROUGHBRED FOUNDATION

STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS – MODIFIED CASH BASIS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (See Independent Accountant's Review Report)

NET ASSETS WITHOUT DONOR RESTRICTIONS:

	2022	2021
REVENUES, GAINS AND OTHER SUPPORT:		
Contributions of nonfinancial assets	\$ 750,000	\$ -
Contributions	405,474	359,940
Rental income	16,225	-
Product sales	1,460	1,188
Interest income	1	2
	<u>1,173,160</u>	<u>361,130</u>
Total revenues, gains and other support		
EXPENSES:		
Program services	350,713	199,481
General and administrative	15,673	2,827
Fundraising	13,520	9,570
	<u>379,906</u>	<u>211,878</u>
Total expenses		
OTHER - Loss on sale of fixed assets	11,306	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	781,948	149,252
NET ASSETS - beginning of year	186,049	36,797
NET ASSETS - end of year	<u>\$ 967,997</u>	<u>\$ 186,049</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, 2022

(See Independent Accountant's Review Report)

	Program Services	General and Administrative	Fundraising	Total
Personnel costs:				
Salaries	\$ -	\$ -	\$ -	\$ -
Payroll taxes	-	-	-	-
Total personnel costs	-	-	-	-
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	\$ 350,713	\$ 15,673	\$ 13,520	\$ 379,906

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, 2021 (See Independent Accountant's Review Report)

	Program Services	General and Administrative	Fundraising	Total
Personnel costs:				
Salaries	\$ 4,038	\$ -	\$ -	\$ 4,038
Payroll taxes	313	-	-	313
Total personnel costs	4,351	-	-	4,351
Feed and bedding	59,510	-	-	59,510
Contract services	4,841	1,560	3,330	9,731
Horse care	83,175	-	84	83,259
Facilities and equipment	12,720	124	371	13,215
Other stable expenses	9,316	-	-	9,316
Depreciation	4,833	-	-	4,833
Professional fees	860	54	161	1,075
Insurance	6,392	243	730	7,365
Barn supplies	6,438	-	-	6,438
Property taxes	-	-	-	-
Office supplies	2,901	669	916	4,486
Information technology	3,016	177	536	3,729
Interest expense	-	-	-	-
Charitable donations	750	-	-	750
Staff development	103	-	-	103
Advertising	275	-	3,442	3,717
Travel	-	-	-	-
Total functional expenses	\$ 199,481	\$ 2,827	\$ 9,570	\$ 211,878

The accompanying notes are an integral part of these statements.

UNBRIDLED THOROUGHBRED FOUNDATION

STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (See Independent Accountant's Review Report)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 781,948	\$ 149,252
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	17,230	4,833
Amortization of debt issue costs	1,642	-
Non-cash contributions	(750,000)	-
Loss on sale of fixed assets	11,306	-
	<u>(719,822)</u>	<u>4,833</u>
Net cash flow from operating activities	<u>62,126</u>	<u>154,085</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of fixed assets	7,500	-
Purchase of fixed assets	(165,499)	(10,528)
Accounts payable - fixed assets	<u>(405)</u>	<u>(810)</u>
Net cash flow from investing activities	<u>(158,404)</u>	<u>(11,338)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt issuance costs	(29,911)	-
Principal payments on long-term debt	<u>(11,655)</u>	<u>-</u>
Net cash flow from financing activities	<u>(41,566)</u>	<u>-</u>
CHANGE IN CASH	(137,844)	142,747
CASH - beginning of year	<u>160,482</u>	<u>17,735</u>
CASH - end of year	<u>\$ 22,638</u>	<u>\$ 160,482</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	\$ 5,981	\$ -
Fixed assets acquired with purchase money notes	<u>\$ 660,000</u>	<u>\$ 22,225</u>

The accompanying notes are an integral part of these statements.

UNBRIDLED THOROUGHBRED FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

(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

Modified Cash Basis of Accounting

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Change in Accounting Principle

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for any periods beginning after June 15, 2021. The ASU does not change the recognition and measurement requirements for contributed nonfinancial assets, rather it provides enhancements over the presentation and disclosure of these items.

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. Accordingly, actual results could differ from those estimates.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Fixed assets are 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. Depreciation expense was \$17,230 and \$4,833 for the years ended December 31, 2022 and 2021, respectively.

Debt Issuance Costs

Debt issuance costs are amortized on the straight-line basis over the term of the related debt. Unamortized debt issuance costs are reported as a reduction of the related debt. Amortization of debt issuance costs is included in interest expense. Amortization is expected to be \$9,854 for 2023, \$8,709 for 2024 and \$2,986 for 2025-2027.

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.

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 the years ended December 31, 2022 and 2021 was \$-0- and \$15,600, respectively. Donated supplies for the years ended December 31, 2022 and 2021 was \$6,043 and \$2,748, 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.

Rental Income

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

Contribution of Nonfinancial Assets

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Advertising costs have been expensed as incurred. Advertising costs for the years ended December 31, 2022 and 2021 were \$1,396 and 3,717, respectively

Functional Allocation of 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. LONG-TERM DEBT

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

	2022	2021
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.	\$ 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.	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.	17,535	22,225
	670,569	22,225
Less: Unamortized debt issuance costs	28,268	-
Total: Net of unamortized debt issuance costs	642,301	22,225
Less: Current portion	217,159	5,164
Total	\$ 425,142	\$ 17,061

3. LONG-TERM DEBT (Continued)

Future maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 217,159
2024	205,941
2025	82,301
2026	78,563
2027	81,357
Thereafter	5,248
Total	<u>\$ 670,569</u>

Interest expense including amortization on debt issuance cost was \$5,981 and \$ -0- for the years ended December 31, 2022 and 2021, respectively.

4. 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>2022</u>	<u>2021</u>
Financial assets:		
Cash	<u>\$ 22,638</u>	<u>\$ 160,482</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 22,638</u>	<u>\$ 160,482</u>

5. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 12, 2023, which is the date the financial statements were available to be issued.