NATIONAL CENTER FOR EQUINE FACILITATED THERAPY

REPORT ON AUDIT OF FINANCIAL STATEMENTS

Years ended August 31, 2025 and 2024

NATIONAL CENTER FOR EQUINE FACILITATED THERAPY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
National Center For Equine Facilitated Therapy
Woodside, California

Opinion

We have audited the accompanying financial statements of the National Center For Equine Facilitated Therapy (the "Organization"), which comprise the statements of financial position as of August 31, 2025 and 2024, and the related statements of activities and changes in net assets, 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 the National Center For Equine Facilitated Therapy as of August 31, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the National Center For Equine Facilitated Therapy 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 accounting principles generally accepted in the United States of America, 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 the National Center For Equine Facilitated Therapy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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.

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INDEPENDENT AUDITOR'S REPORT – CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements, continued

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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the National Center For Equine Facilitated Therapy'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 the National Center For Equine Facilitated Therapy'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.

S D Mayer & Associates, LLP

San Francisco, California

August 17, 2026

National Center For Equine Facilitated Therapy
STATEMENTS OF FINANCIAL POSITION
August 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 72,931	$ 1,378
Accounts receivable	111,926	49,418
Promises to give, net	154,351	172,377
Prepaid expenses	-	41,915
Investments, at fair value	1,428,731	1,741,439
Property and equipment, net	4,192,038	4,274,085
Other assets	18,500	18,500
Total Assets	$ 5,978,477	$ 6,299,112
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 123,597	$ 21,972
Accrued payroll liabilities	155,893	103,804
Deferred revenue	-	167,707
Finance lease liability	-	5,167
Note payable	19,980	25,856
Total Liabilities	299,470	324,506
Net Assets:		
Without donor restrictions	5,486,622	5,736,689
With donor restrictions	192,385	237,917
Total Net Assets	5,679,007	5,974,606
Total Liabilities and Net Assets	$ 5,978,477	$ 6,299,112

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

National Center For Equine Facilitated Therapy
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended August 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Support						
Donations	$ 675,732	$ 77,801	$ 753,533	$ 240,794	$ 139,297	$ 380,091
Grants	7,683	35,417	43,100	59,397	230,000	289,397
Special events (including in-kind expenses), net	392,404	-	392,404	322,162	-	322,162
In-kind donations	19,276	-	19,276	26,777	-	26,777
Employee Retention Credit	286,364	-	286,364	-	-	-
Total Support	1,381,459	113,218	1,494,677	649,130	369,297	1,018,427
Revenue						
Therapy fees	759,392	-	759,392	681,602	-	681,602
Rental income, net	65,904	-	65,904	67,722	-	67,722
Investment income, net	106,628	-	106,628	271,659	-	271,659
Miscellaneous income	20,612	-	20,612	11,546	-	11,546
Total Revenue	952,536	-	952,536	1,032,529	-	1,032,529
Net Assets Released From Restriction	158,750	(158,750)	-	134,208	(134,208)	-
Total Support and Revenue	2,492,745	(45,532)	2,447,213	1,815,867	235,089	2,050,956
Expenses						
Equine programs	1,647,486	-	1,647,486	1,466,118	-	1,466,118
Management and general	732,393	-	732,393	566,914	-	566,914
Fundraising	362,932	-	362,932	232,393	-	232,393
Total Expenses	2,742,812	-	2,742,812	2,265,425	-	2,265,425
Change in Net Assets	(250,067)	(45,532)	(295,599)	(449,558)	235,089	(214,469)
Net Assets, beginning of year	5,736,689	237,917	5,974,606	6,186,247	2,828	6,189,075
Net Assets, end of year	$ 5,486,622	$ 192,385	$ 5,679,007	$ 5,736,689	$ 237,917	$ 5,974,606

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

National Center For Equine Facilitated Therapy
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2025

	Program Services	Supporting Services		
	Equine Programs	Management and General	Fundraising	Total
Expenses				
Salaries and Benefits				
Salaries and Wages	$ 966,510	$ 307,955	$ 271,564	$ 1,546,029
Payroll Taxes	80,545	23,674	20,845	125,065
Workers Compensation	55	79,775	-	79,830
Health Insurance	40,059	35,579	14,715	90,353
Payroll Service Fees	98	44,337	-	44,435
Total Salaries and Benefits	1,087,266	491,320	307,124	1,885,711
Contractor Fees	56,869	-	-	56,869
Recruiting Expenses	-	-	5,000	5,000
Personnel Costs	-	569	-	569
Continuing Education	919	-	-	919
Program Supplies & Services	1,949	2,305	-	4,254
Financial Assistance Expense	114,041	-	-	114,041
Veterans Assistance	65,957	-	-	65,957
Winter Campaign Expense	-	-	6,348	6,348
Spring Campaign Expense	-	-	6,334	6,334
Other Development Expense	-	-	131	131
Special Event Expense	-	612	-	612
Facility Maintenance	36,666	1,768	-	38,434
Facility Project Expense	17,323	54	-	17,377
Vehicle/Equipment Expense	7,430	-	-	7,430
Utilities (PG&E & Water)	38,229	-	-	38,229
In-kind Expense	15,276	-	-	15,276
Hay/Shavings - Horse	52,415	-	-	52,415
Debris Box - Horse	21,972	-	-	21,972
Veterinary - Horse	71,839	-	-	71,839
Contract Labor - Horse	43,795	-	-	43,795
Barn Supplies & Horse Other	11,213	-	-	11,213
Insurance	-	29,156	-	29,156
Financial Transaction Fees	1,577	1,794	23,218	26,589
Legal & Accounting	-	40,375	-	40,375
Licenses and Business Fees	-	-	5	5
Taxes	-	425	-	425
Telephone	979	12,237	-	13,216
IT Support	-	14,796	256	15,053
Dues & Subscriptions	5,405	3,189	8,649	17,243
Office Equipment and Maintenance	(5,167)	4,459	5,025	4,317
Office Supplies	1,367	12,781	745	14,893
Other	167	2,689	96	2,951
Depreciation and Amortization	-	113,863	-	113,863
Total Expenses	$ 1,647,486	$ 732,393	$ 362,932	$ 2,742,812

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

National Center For Equine Facilitated Therapy
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2024

	Program Services	Supporting Services		
	Equine Programs	Management and General	Fundraising	Total
Expenses				
Salaries and Benefits				
Salaries and Wages	$ 835,053	$ 214,879	$ 159,763	$ 1,209,695
Payroll Taxes	68,846	21,694	12,841	103,381
Workers Compensation	143	59,094	-	59,237
Health Insurance	64,032	16,294	13,398	93,724
Payroll Service Fees	-	37,680	-	37,680
Total Salaries and Benefits	968,074	349,641	186,002	1,503,717
Contractor Fees	10,162	-	-	10,162
Recruiting Expenses	-	2,500	154	2,654
Personnel Costs	30	602	-	632
Continuing Education	1,742	-	-	1,742
Program Supplies & Services	4,968	7,730	65	12,763
Financial Assistance Expense	102,464	-	-	102,464
Veterans Assistance	59,395	-	-	59,395
Marketing and Public Relations	-	-	750	750
Winter Campaign Expense	-	-	5,292	5,292
Spring Campaign Expense	-	-	97	97
Special Event Expense	55	258	-	313
Facility Maintenance	73,475	1,809	-	75,284
Facility Project Expense	9,686	-	-	9,686
Vehicle/Equipment Expense	3,521	-	-	3,521
Utilities (PG&E & Water)	28,172	-	-	28,172
In-kind Expense	20,188	-	6,589	26,777
Hay/Shavings - Horse	66,489	-	-	66,489
Debris Box - Horse	28,249	-	-	28,249
Veterinary - Horse	28,354	-	-	28,354
Contract Labor - Horse	33,580	-	-	33,580
Barn Supplies & Horse Other	9,648	-	-	9,648
Insurance	-	30,457	-	30,457
Financial Transaction Fees	3	2,556	15,030	17,589
Legal & Accounting	-	24,020	-	24,020
Licenses and Business Fees	-	1,282	-	1,282
Taxes	-	612	-	612
Telephone	14,898	(4,943)	-	9,955
IT Support	-	15,170	244	15,414
Dues & Subscriptions	2,636	5,388	6,409	14,433
Bad Pledges	-	219	-	219
Office Equipment and Maintenance	-	767	3,867	4,634
Office Furniture and Decoration	-	574	-	574
Office Supplies	263	7,929	7,345	15,537
Emergency Preparedness Expense	-	97	-	97
Other	66	7,558	549	8,173
Depreciation and Amortization	-	112,688	-	112,688
Total Expenses	$ 1,466,118	$ 566,914	$ 232,393	$ 2,265,425

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

National Center For Equine Facilitated Therapy
STATEMENTS OF CASH FLOWS
For the years ended August 31, 2025 and 2024

Cash Flows From Operating Activities:	2025	2024
Change in Net Assets	$ (295,599)	$ (214,469)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation and amortization	113,863	112,688
Net realized and unrealized gain on investments	(106,628)	(254,314)
Changes in operating assets and liabilities:		
Accounts receivable	(62,508)	(19,803)
Promises to give	18,026	(138,217)
Prepaid expenses	41,915	20,441
Other assets	-	3,250
Accounts payable	101,625	(2,538)
Accrued Payroll Liabilities	52,089	14,832
Deferred revenue	(167,707)	(27,123)
Net Cash Used In Operating Activities	(304,924)	(505,253)
Cash Flows From Investing Activities:		
Proceeds from the sale of investments	1,090,608	1,356,351
Purchase of investments	(671,272)	(919,821)
Purchase of property and equipment	(31,816)	-
Net Cash Provided By Investing Activities	387,520	436,530
Cash Flows From Financing Activities:		
Payments made on finance lease liability	(5,167)	(5,091)
Payments made on note payable	(5,876)	(9,043)
Net Cash Used in Financing Activities	(11,043)	(14,134)
Increase (Decrease) in cash and cash equivalents	71,553	(82,857)
Cash and Cash Equivalents, Beginning of Year	1,378	84,235
Cash and Cash Equivalents, End of Year	$ 72,931	$ 1,378
Supplemental disclosure of cash flow information:		
Interest paid	$ 1,103	$ 477
In-kind donations	$ 71,172	$ 85,803
Purchase of equipment with the issuance of a note payable	$ -	$ 34,899

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

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PURPOSE AND ORGANIZATION

National Center for Equine Facilitated Therapy (the "Organization" or "NCEFT") is a nonprofit organization located in Woodside California. Founded in 1971, the Organization is internationally recognized as a pioneer and leader in the field of equine-assisted programs. For nearly 53 years, the Organization has tapped into the profound rehabilitative power of the human-horse relationship to bring healing to thousands of Bay Area children and adults (ages 2-90+) with physical, cognitive, neuromuscular, mental, and emotional challenges and disabilities. Common diagnoses for these patients include, but are not limited to, cerebral palsy, multiple sclerosis, Down syndrome, autism, developmental delay, traumatic brain injury, spinal cord injury, paralysis, stroke, genetic disorders, ADHD, learning or language disabilities, as well as PTSD, anxiety, depression, social isolation, grief, and loss.

The Organization's programs include Physical, Occupational, and Speech-Language Therapy, Adaptive Riding (recreational horseback riding and horsemanship lessons adapted for an individual's disability), Equine-Assisted Mental Health & Resilience Programs and Workshops, Mindfulness Programs, Happy Trails Camp, Social Skills Programs, Special Education School Programs, and Veteran and First Responder Programs.

Our breadth and depth of programming, tenure, and history of pioneering equine-assisted programs in the United States sets NCEFT apart from other similar organizations in the area. Thus, NCEFT has the distinction of being the only Northern California Facility member of the American Hippotherapy Association.

The Organization's Mission Statement:

> "NCEFT is dedicated to helping children, adults, and military Veterans with special needs reach beyond their boundaries through equine-assisted therapies, education, and research."

BASIS OF ACCOUNTING

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which involves the application of the accrual basis of accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred regardless of the timing of cash flows.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION

Classification of Net Assets

U.S. GAAP requires that the Organization report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization are classified and reported as described below:

Without Donor Restrictions

Those net assets and activities which represent the portion of expendable funds that are available to support the Organization's operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

With Donor Restrictions

Those net assets and activities which are donor-restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; (d) acquisition of long-lived assets; (e) assets donated with stipulations that they be used for a specified purpose, be preserved, and not be sold; or (f) assets donated with stipulations that they be invested to provide a permanent source of income.

ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of cash and cash equivalents, receivables, promises to give, and accounts payable approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term debt approximate their fair values as the interest rates on these instruments are consistent with rates currently available to the Organization for debt with similar terms and credit risk.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

ACCOUNTS RECEIVABLE

Accounts receivable are uncollateralized obligations which are stated at the amount expected to be collected from the customer. Accounts receivable are due under contract terms requiring payment within 30 days from the invoice date. Account balances with invoices dated over 90 days old are considered delinquent. Interest is not charged on delinquent accounts. Payments of accounts receivable are allocated to specific invoices identified on the customers' remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The Organization uses the allowance method to account for expected credit losses on receivables. The allowance for credit losses represents management's best estimate of the amounts not expected to be collected and is determined based on historical loss experience, current conditions, an evaluation of outstanding receivables, and reasonable and supportable forecasts. Receivables are written off when management determines that collection is not probable. Recoveries of amounts previously written off are recorded when received.

For the years ended August 31, 2025 and 2024, a valuation allowance, based on specific identification of past due accounts, was not considered necessary. Accounts receivable amounted to $111,926, $49,418, and $29,615 for the years ended August 31, 2025, 2024, and 2023, respectively.

PROMISES TO GIVE

Unconditional promises to give are recognized as support or gains in the period such promises are made by the donor. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give which are scheduled to be received after one year are discounted at rates commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor- imposed restrictions, if any.

The Organization uses the allowance method to account for uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. As of August 31, 2025 and 2024, all promises to give were considered collectible.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OTHER ASSETS

Other assets consist of a donated sculpture. The sculpture is considered to have an indefinite useful life because it is maintained in perpetuity with minimal deterioration. Therefore, no depreciation is taken but the amount is tested for impairment instead. There was no impairment loss at August 31, 2025 and 2024.

INVESTMENTS AND INVESTMENT INCOME

Investments in marketable securities are carried at fair value based upon quoted market prices. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Interest and dividend income and realized and unrealized gains and losses are included as income in the year earned. Investment transactions are accounted for on a trade-date basis. Dividends are recorded on the ex-dividend date and interest is recognized on an accrual basis.

The Organization's Board of Directors is responsible for establishing investment criteria and overseeing its investments.

PROPERTY AND EQUIPMENT

The Organization capitalizes acquisitions of property and equipment with a cost or value in excess of $1,000 and with an estimated useful life beyond one year. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value or appraised value at the date of donation. Depreciation is calculated on the straight-line method based upon estimated useful lives ranging from 3 to 39 years. Maintenance and repairs are charged to expense as incurred and major renewals and betterments are capitalized. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the statement of activities and changes in net assets.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are held and used, an impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, undiscounted cash flows, or internal and external appraisal, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. No impairment losses were incurred during the years ended August 31, 2025 and 2024.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCRUED ANNUAL LEAVE

Employees may accumulate up to 20 days annually depending on the number of years employed. Employees may accrue a maximum of 150% of their respective annual leave per year. Accrued vacation liabilities were $87,209 and $35,477 as of August 31, 2025 and 2024, respectively.

DEFERRED REVENUE

Deferred revenue results from the Organization recognizing revenue for special events and services in the period in which the event and services take place. Accordingly, cash received before the event and services take place are reported as deferred revenue.

REVENUE RECOGNITION

Contributions

Contributions are recognized when they are received or unconditionally promised, regardless of compliance with restrictions. Conditional promises are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional. Unconditional contributions are recognized based on the existence or absence of donor-imposed restrictions. Contributions with donor-imposed restrictions may be expendable or are required to be held permanently. Contributions with donor-imposed restrictions and investment income generated from such investments that are complied with in the year of receipt are reported as support without donor restrictions.

The satisfaction of a donor-imposed restriction on a contribution is recognized when the conditions have been met or when the time restriction expires. This occurs by increasing one class of net assets and decreasing another in the statement of activities and changes in net assets. Such transactions are recorded as net assets released from restrictions and are reported separately from other transactions.

Contributed Goods and Services

Donated goods are recorded as contributions at their estimated fair value on the date of receipt. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization records contribution revenue for certain services received at the fair value of those services, if the services either (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

donated. In addition, the Organization receives other contributed services that do not meet the criteria for recognition, but which are, nonetheless, central to its operations. These services are not reflected in the accompanying financial statements.

Program Revenue

The Organization recognizes therapy and other program fee revenue in the period in which the service has been provided. Contract revenue is measured based on the consideration specified in various program contracts on a fee-for-service basis. The Organization recognizes contract revenue when it satisfies its performance obligations by delivering the contracted services to targeted patients. Revenue is recognized net of any financial assistance, veterans assistance, or discounts extended to patients; that is, the reported revenue reflects the total contracted fees less these amounts. Such contractual arrangements may give rise to contract assets (accounts receivable) and contract liabilities (deferred revenue). Accounts receivable reflect the Organization's right to payment for services that have been provided and billed in accordance with program contracts. Financial assistance and veterans assistance amounted to $12,000 and $59,297 for the years ended August 31, 2025 and 2024, respectively, and are recorded in the statements of activities and changes in net assets.

INCOME TAXES

The Organization is a qualified organization exempt from federal and state income taxes under §501(c)(3) of the Internal Revenue Code ("IRC") and §23701d of the California Revenue and Taxation Code, respectively. U.S. GAAP requires management to evaluate the tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more-likely-than-not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of August 31, 2025 and 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a tax liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress.

CONCENTRATIONS OF RISK

Financial Instruments

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization attempts to limit its credit risk associated with investments by utilizing outside investment managers to place the Organization's investments.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONCENTRATIONS OF RISK

Financial Instruments

Management believes that the Organization is not exposed to any significant credit risk related to concentrations.

Concentrations

At August 31, 2025, two donors accounted for 45% of the net outstanding promises to give. For the year ended August 31, 2025, one donor accounted for 36% of total donations that are included in support in the statement of activities and changes in net assets.

At August 31, 2024, one donor accounted for 73% of the net outstanding promises to give. For the year ended August 31, 2024, one donor accounted for 38% of total donations that are included in support in the statement of activities and changes in net assets.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services benefited based on direct identification while shared expenses have been allocated based on the estimates made by management of time and efforts.

FINANCE LEASES

The Organization recognizes a right-of-use asset and a corresponding lease liability for finance leases at the commencement date of the lease. The lease liability is measured as the present value of future lease payments, and the right-of-use asset is initially measured based on the lease liability adjusted for any initial direct costs, prepaid lease payments, or lease incentives received. The right-of-use asset is amortized over the shorter of the lease term or useful life of the underlying asset, and interest expense is recognized on the lease liability using the effective interest method.

NOTE 2 - PROMISES TO GIVE

Unconditional promises to give as of August 31, 2025, consist of the following:

2025	Due in less Than 1 year	Due in 1 to 5 Years	Total
Restricted by time	$ 154,351	$ -	$ 154,351
Unamortized discount	-	-	-
Promises to give, net	$ 154,351	$ -	$ 154,351

Unconditional promises to give as of August 31, 2024, consist of the following

2024	Due in less Than 1 year	Due in 1 to 5 Years	Total
Restricted by time	$ 172,377	$ -	$ 172,377
Unamortized discount	-	-	-
Promises to give, net	$ 172,377	$ -	$ 172,377

Promises to give due in one to five years are stated at their present values. There was no discount calculated as the promises to give were short term. The promises to give are restricted by time and will be released with the passage of time.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Organization's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The levels of the fair value hierarchy are as follows:

Level 1

Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

Level 2

Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Below is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies for the years ended August 31, 2025 and 2024.

Equity Securities and EFT Securities

Investments in equity securities and other securities valued at the quoted prices in an active market are classified within Level 1 of the fair value hierarchy.

Government Bond Funds and Certificates of Deposit

The fair value of Government bond funds and certificates of deposit is estimated using third-party quotations based on observable market data. They are categorized in Level 2 of the fair value hierarchy.

Mutual Funds

Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded and are generally in Level 1 of the fair value hierarchy.

Cash Funds

Valued using market prices from market exchanges and are classified within level 1 of the fair value hierarchy.

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

Preferred Fixed Rate Cap

A hybrid of stocks and bonds. They are categorized in Level 2 of the fair value hierarchy. They are valued using third-party quotations based on observable market data.

The Organization's policy is to recognize transfers between fair value measurement levels as of the actual date of the event or change in circumstance that caused the transfer. The Organization had no transfers between fair value measurement levels during the years ended August 31, 2025 and 2024.

The following table provides information as of August 31, 2025, about Organization's investments measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Cash funds	$ 14,762	$ -	$ -	$ 14,762
Equity and EFT securities	880,788	-	-	880,788
Government bond funds	-	317,708	-	317,708
Mutual funds	215,473	-	-	215,473
Total	$ 1,111,023	$ 317,708	$ -	$ 1,428,731

The following table provides information as of August 31, 2024, about Organization's investments measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Cash funds	$ 27,801	$ -	$ -	$ 27,801
Equity and EFT securities	956,355	-	-	956,355
Government bond funds	-	380,143	-	380,143
Mutual funds	361,047	-	-	361,047
Preferreds fixed rate cap	-	16,093	-	16,093
Total	$ 1,345,203	$ 396,236	$ -	$ 1,741,439

Investment income consisted of the following at August 31, 2025 and 2024:

	2025	2024
Realized and unrealized gain	$ 106,628	$ 254,314
Interest and dividends	-	17,345
Investment income, net	$ 106,628	$ 271,659

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2025 and 2024, consist of the following:

	2025	2024
Building and improvements	$ 2,860,675	$ 2,860,675
Land and improvements	2,395,010	2,395,010
Equipment	174,423	142,607
Leased equipment	19,646	19,646
Vehicles & trucks	61,562	61,562
	5,511,316	5,479,500
Less accumulated depreciation and amortization	(1,319,278)	(1,205,415)
Property and Equipment, Net	$ 4,192,038	$ 4,274,085

Depreciation and amortization expense amounted to $113,863 and $112,688 for the years ended August 31, 2025 and 2024, respectively.

NOTE 5 – FINANCE LEASE

The Organization's two finance leases for office copiers, entered into in 2020 and 2021, expired during the year ended August 31, 2025, and all related obligations were satisfied prior to year-end. Amortization expense related to these leases totaled $5,167 and $4,756 for the years ended August 31, 2025 and 2024, respectively, and is included in depreciation expense.

NOTE 6 – NOTE PAYABLE

On September 27, 2023, the Organization entered into a note payable (“the note”) agreement with a lender to finance the purchase of a tractor. The original principal amount of the note was $34,899. The note has a zero interest and a term of 60 months with monthly payments of $582 due beginning October 27, 2023 and ending September 27, 2028. The tractor is collateral on the note.

At the inception of the note, The Organization calculated an imputed interest discount using the 5-year treasury yield of 4.76% in the amount of $3,897, resulting in a note payable of $31,003. Payments made under the note amounted to $5,876 during the year ended August 31, 2025.

NOTE 6 – NOTE PAYABLE (continued)

The following is the schedule of annual future principal payments due under the note payable at August 31, 2025:

Year ending August 31:		
	2026	$ 6,980
	2027	6,980
	2028	6,980
	2029	579
Total payments		21,519
Less amount representing interest		(1,539)
Present value of principal payments		19,980
Less note payable – short term		(6,162)
Note payable – long term		$ 13,818

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

The activity for net assets with donor restrictions for the year ended August 31, 2025, is as follows:

	Beginning Balance	Additions	Releases	Ending Balance
Purpose Restricted				
Financial assistance	$ -	$ -	$ -	$ -
Time Restricted				
Promises to give, net	237,917	113,218	(158,750)	192,385
Total	$ 237,917	$ 113,218	$ (158,750)	$ 192,385

The activity for net assets with donor restrictions for the year ended August 31, 2024, is as follows:

	Beginning Balance	Additions	Releases	Ending Balance
Purpose Restricted				
Financial assistance	$ 2,828	$ 59,297	$ (62,125)	$ -
Time Restricted				
Promises to give, net	-	310,000	(72,083)	237,917
Total	$ 2,828	$ 369,297	$ (134,208)	$ 237,917

NOTE 8 - IN-KIND DONATIONS

The Organization received and recorded the following in-kind donations during the years ended August 31, 2025 and 2024:

	2025	2024
In-kind Expenses (Services, supplies)	$ 12,076	$ 19,577
Debris boxes	7,200	7,200
Donated auction items (included in special events revenue)	44,396	59,026
Total	$ 63,672	$ 85,803

The in-kind donations were used to benefit the Organization's program services and both management and general and fundraising supporting services. The value of the donated items and supplies are based on third party pricing.

NOTE 9 - SPECIAL EVENTS

The following table provides information about the Organization's special events for the years ended August 31, 2025 and 2024:

	2025	2024
Special Events		
Income	$ 668,085	$ 519,770
Expenses	(275,681)	(197,608)
Total Special Events, Net	$ 392,404	$ 322,162

NOTE 10 - RENTAL INCOME AND RELATED FEES

The Organization receives rental income and fees related to occupancy, utility usage, horse feed, and arena usage from various parties. Net rental income for the years ended August 31, 2025 and 2024, is as follows:

	2025	2024
Rental income	$ 150,424	$ 152,142
Animal care services	(84,520)	(84,420)
Net Rental Income	$ 65,904	$ 67,722

NOTE 11 – EMPLOYEE RETENTION CREDIT

During the year ended August 31, 2025, the Organization claimed the Employee Retention Credit ("ERC"). The ERC is a refundable payroll tax credit. The Organization elected to account for the ERC by analogy to ASC 958-605, Not-for-Profit Entities – Revenue Recognition, as a conditional contribution. Under this policy, the credit is recognized when there is reasonable assurance that the Organization has complied with the conditions attached to the credit and that the credit will be received when the barriers to entitlement have been overcome. The Organization recognized $286,364 of ERC income during the year ended August 31, 2025, which is reflected within Support in the accompanying statement of activities and changes in net assets and had been received in cash. The credit remains subject to review and audit by the Internal Revenue Service. If, upon examination, all or a portion of the amounts claimed are determined not to qualify, the Organization could be required to repay the credit, together with penalties and interest, if applicable. Management believes the Organization has adequately supported its eligibility for the credit claimed; however, the ultimate outcome of any such examination cannot presently be determined.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The Organization's financial assets available within one year of the statement of financial position date for general expenditures were as follows at August 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents	$ 72,931	$ 1,378
Accounts receivable	111,926	49,418
Promises to give, net	154,351	172,377
Investments	1,428,731	1,741,439
Total financial assets available within one year	1,767,939	1,964,612
Less:		
Amounts unavailable for general expenditures within one year due to donor-imposed restrictions	(192,385)	(237,917)
Financial assets available to meet general expenditures within one year	$ 1,575,554	$ 1,726,695

In the event the need arises to manage unanticipated liquidity needs, the Organization can seek short-term financing from external sources.

NOTE 13 - RELATED PARTY TRANSACTIONS

There were no transactions during the years ended August 31, 2025 and 2024.

NOTE 14 - RETIREMENT PLAN

The Organization has a non-matching 401(k) plan for its employees. Those employees who are 21 and older and have completed one year of service may choose to participate in the 401(k) plan at their discretion.

NOTE 15 - SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through August 17, 2026, the date the financial statements were available to be issued, for potential recognition or disclosure in the financial statements.

On July 3, 2025, the Organization entered into a new five-year finance lease agreement for office copiers. Although the agreement was signed in July 2025, monthly lease payments of $365 are scheduled to begin in September 2026, which is also the expected lease commencement date when the Organization will obtain control of the copiers. In accordance with ASC 842, the right-of-use asset and corresponding lease liability – each measured at approximately $19,249, representing the present value of future minimum lease payments – will be recognized on the balance sheet at the lease commencement date. No amounts related to this lease are recorded as of August 31, 2025.

Management has determined that no other material subsequent events require recognition or disclosure in these financial statements.