JTS ASSOCIATES
CPAs, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Pal-O-Mine Equestrian, Inc.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR

THE YEAR ENDED DECEMBER 31, 2021)

Pal-O-Mine Equestrian, Inc.

Financial Statements
For the Year Ended December 31, 2022
(with Summarized Comparative Information for the Year Ended December 31, 2021)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pal-O-Mine Equestrian, Inc.
Islandia, New York

Opinion

We have audited the accompanying financial statements of Pal-O-Mine Equestrian, Inc. (a New York not-for-profit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 Pal-O-Mine Equestrian, Inc. as of December 31, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pal-O-Mine Equestrian, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Pal-O-Mine Equestrian, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. 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 Pal-O-Mine Equestrian, Inc.'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 Pal-O-Mine Equestrian, Inc.'s ability to continue as a going concern for a reasonable period of time.

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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.

Report on Summarized Comparative Information

We have previously audited Pal-O-Mine Equestrian, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

JTS Associates CPAs, P.C.

Westbury, New York
May 16, 2023

Pal-O-Mine Equestrian, Inc.

Statement of Financial Position
December 31, 2022 (with Comparative Information for December 31, 2021)

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash	$ 88,435	$ 123,898
Accounts receivable	13,445	15,465
Tax refund receivable	-	130,187
Grant receivable	30,893	-
Prepaid expenses	3,594	6,943
TOTAL CURRENT ASSETS	136,367	276,493
PROPERTY AND EQUIPMENT	3,243,324	3,223,554
TOTAL ASSETS	$ 3,379,691	$ 3,500,047
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 40,008	$ 26,254
Accrued expenses	31,017	62,821
Contract liabilities	8,500	7,500
Other loans payable, current maturities	4,981	4,981
Long-term debt, current maturities	45,377	21,245
TOTAL CURRENT LIABILITIES	129,883	122,801
OTHER LIABILITIES:		
Other loans payable, net of current maturities	10,388	35,369
Long-term debt, net of current maturities	1,657,945	1,712,263
Other liabilities	5,413	8,163
TOTAL OTHER LIABILITIES	1,673,746	1,755,795
TOTAL LIABILITIES	1,803,629	1,878,596
NET ASSETS:		
Without donor restrictions	1,492,214	1,580,579
With donor restrictions	83,848	40,872
TOTAL NET ASSETS	1,576,062	1,621,451
TOTAL LIABILITIES AND NET ASSETS	$ 3,379,691	$ 3,500,047

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

Pal-O-Mine Equestrian, Inc.

Statement of Activities
For the Year Ended December 31, 2022 (with Summarized Comparative Information for the Year Ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
SUPPORT AND REVENUE:				
Contributions	$ 640,670	$ 113,500	$ 754,170	$ 873,928
Contributed services	212,319	-	212,319	127,555
In-kind donation of excavation and building foundation	48,663	-	48,663	-
Grant income - paycheck protection program	-	-	-	54,387
Grant income - employee retention credit	-	-	-	130,187
Special events, net of direct benefit to contributors of $113,420 and $41,281 in 2022 and 2021, respectively	123,258	-	123,258	111,273
Revenue from contracts with customers	437,518	-	437,518	343,167
Other income	62,409	-	62,409	66,024
Net assets released from restrictions	70,524	(70,524)	-	-
TOTAL SUPPORT AND REVENUE	1,595,361	42,976	1,638,337	1,706,521
EXPENSES:				
Program services:				
Contracts	482,917	-	482,917	403,860
Lessons	361,861	-	361,861	325,223
Job security through equine partnership	170,331	-	170,331	194,073
Other programs	310,103	-	310,103	282,976
Total program services	1,325,212	-	1,325,212	1,206,132
Supporting services:				
Management and general	241,912	-	241,912	268,383
Fundraising	116,602	-	116,602	73,783
Total supporting services	358,514	-	358,514	342,166
TOTAL EXPENSES	1,683,726	-	1,683,726	1,548,298
CHANGE IN NET ASSETS	(88,365)	42,976	(45,389)	158,223
NET ASSETS - BEGINNING OF YEAR	1,580,579	40,872	1,621,451	1,463,228
NET ASSETS - END OF YEAR	$ 1,492,214	$ 83,848	$ 1,576,062	$ 1,621,451

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

Pal-O-Mine Equestrian, Inc.

Statement of Functional Expenses – Program Services
For the Year Ended December 31, 2022 (with Summarized Comparative Information for the Year Ended December 31, 2021)

	2022					2021
	Contracts	Lessons	Job Security Through Equine Partnership	Other Programs	Program Services Total	Program Services Total Summarized
Depreciation	$ 17,302	$ 17,302	$ 17,840	$ 42,773	$ 95,217	$ 86,234
General, operating and office expenses	17,919	17,917	7,989	16,347	60,172	23,653
Horse equipment, supplies and maintenance	53,164	41,350	-	23,628	118,142	128,679
Interest expense	11,902	11,902	11,902	38,585	74,291	69,365
Occupancy, maintenance and insurance	37,084	50,471	28,979	20,464	136,998	130,764
Outreach	-	-	-	9,519	9,519	19,001
Personnel expenses	345,546	222,919	103,621	149,167	821,253	702,612
Professional fees	-	-	-	-	-	40,000
Training expenses	-	-	-	9,620	9,620	5,824
Total expenses	$ 482,917	$ 361,861	$ 170,331	$ 310,103	$ 1,325,212	$ 1,206,132

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

Pal-O-Mine Equestrian, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2022 (with Summarized Comparative Information for the Year Ended December 31, 2021)

	2022						2021
		Supporting Services					
	Total Program Services	Management and General	Fundraising	Total Supporting Services	Direct Benefit to Contributors	Total	Summarized Total
Depreciation	$ 95,217	$ 6,133	$ -	$ 6,133	$ -	$ 101,350	$ 95,275
General, operating and office expenses	60,172	31,585	13,623	45,208	-	105,380	67,191
Horse equipment, supplies and maintenance	118,142	-	-	-	-	118,142	128,679
Interest expense	74,291	11,386	2,568	13,954	-	88,245	82,375
Occupancy, maintenance and insurance	136,998	16,948	15,675	32,623	-	169,621	156,865
Outreach	9,519	-	-	-	-	9,519	19,001
Personnel expenses	821,253	58,956	42,985	101,941	-	923,194	814,081
Postage, printing and delivery	-	-	41,751	41,751	-	41,751	1,379
Professional fees	-	116,904	-	116,904	-	116,904	177,628
Special events	-	-	-	-	113,420	113,420	41,281
Training expenses	9,620	-	-	-	-	9,620	5,824
Total expenses	1,325,212	241,912	116,602	358,514	113,420	1,797,146	1,589,579
Less: direct benefit to contributors	-	-	-	-	113,420	113,420	41,281
Total expenses included in the statement of activities	$ 1,325,212	$ 241,912	$ 116,602	$ 358,514	$ -	$ 1,683,726	$ 1,548,298

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

Pal-O-Mine Equestrian, Inc.

Statement of Cash Flows
For the Year Ended December 31, 2022
(with Comparative Information for the Year Ended December 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (45,389)	$ 158,223
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	101,350	95,275
Forgiveness of other loans payable	(20,000)	(20,000)
Amortization of debt issuance costs	2,659	2,658
In-kind donation of excavation and building foundation	(48,663)	-
Changes in operating assets and liabilities:		
Accounts receivable	2,020	(3,670)
Tax refund receivable	130,187	(130,187)
Grant receivable	(30,893)	-
Prepaid expenses	3,349	356
Accounts payable	13,754	(8,610)
Accrued expenses	(31,804)	43,280
Contract liabilities	1,000	(556)
Other liabilities	(2,750)	(2,616)
NET CASH PROVIDED BY OPERATING ACTIVITIES	74,820	134,153
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(72,457)	(183,382)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of line of credit	-	(383)
Proceeds from long-term debt	-	49,300
Repayment of long-term debt	(21,245)	(59,681)
Repayment of other loans payable	(4,981)	(136,981)
Cash paid for debt issuance costs	(11,600)	-
NET CASH USED IN FINANCING ACTIVITIES	(37,826)	(147,745)
NET DECREASE IN CASH	(35,463)	(196,974)
CASH - BEGINNING OF YEAR	123,898	320,872
CASH - END OF YEAR	$ 88,435	$ 123,898
SUPPLEMENTAL CASHFLOW INFORMATION:		
Cash paid for interest	$ 115,360	$ 44,083

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

NOTE 1 – NATURE OF ACTIVITIES

Pal-O-Mine Equestrian, Inc. (the "Organization") is a New York not-for-profit organization incorporated in 1995. The Organization's mission is to provide a comprehensive therapeutic equine program using horses to facilitate growth, learning and healing for children and adults with disabilities, those who have been abused or neglected, the military, and the economically compromised. The Organization offers daily sessions throughout the year and support of highly trained therapy horses on a thirteen-acre facility that serves approximately 400 individuals each week from the greater New York metropolitan area. The Organization provides several unique programs as part of carrying out its mission. The major programs of the Organization, which are displayed in the statement of functional expenses, are as follows:

> ***Contracts -*** adaptive riding lessons and unmounted programs contracted by various educational institutions including local school districts.
>
> ***Lessons -*** adaptive riding lessons and unmounted programs for students at least five years old.
>
> ***Job Security through Equine Partnership ("J-STEP") -*** provides employment and vocational training, supportive job coaching, financial literacy training and other employment related training to young adults with disabilities.

In addition to the above major programs, the Organization also offers additional programs including Equine Assisted Psychotherapy ("EAP"), Hippotherapy, Equine Assisted Learning ("EAL"), Continuing Education, Corporate Leadership Training, Work Study Program, Restore to Balance Program, the Herd Group, Military Programs, Speech and Occupational Therapy, and other programs that further the Organization's mission.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit-Entities*.

Financial Statement Presentation
The Organization's net assets and revenues, expenditures, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

> ***Net assets without donor restrictions***
> Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may also designate assets without restrictions for specific operational purposes from time to time.
>
> ***Net assets with donor restrictions***
> Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates
The preparation of financial statements in accordance with 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.

Cash and Cash Equivalents
The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2022 or 2021. The Organization places its temporary cash investments with high credit quality financial institutions. The Organization's credit risk with respect to such balances is all amounts on deposit in excess of federally insured limits. The Organization has not experienced any losses in these accounts.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Contract Assets and Liabilities
Contract assets arise from revenues earned and recognized in excess of amounts billed on incomplete contracts. Revenues earned and recognized in excess of amounts billed are considered contract assets only when the right to payment is not unconditional. Once the Organization has an unconditional right to consideration under a contract, the amount of consideration unconditionally due is reclassified to accounts receivable as either billed or unbilled accounts receivable (depending on when the invoice is issued to the customer). Consideration is unconditionally due when it is subject only to the passage of time. Receivables from contracts with customers were $13,445, $15,465 and $11,795 as of December 31, 2022, 2021 and 2020, respectively. Contract liabilities arise from deposits received on contracts with customers where services have not commenced at the statement of financial position date. Contract liabilities were $8,500, $7,500 and $8,056 as of December 31, 2022, 2021 and 2020, respectively. The Organization did not have any contract assets as of December 31, 2022, 2021, or 2020.

Accounts Receivable
Accounts receivable are stated at the historical carrying amount, net of allowances for uncollectible accounts. The Organization establishes an allowance for uncollectible accounts based on specific collection issues the Organization has identified. Uncollectible accounts are written off when a settlement is reached for an amount less that the historical balance or when the Organization has determined that the balance will not be collected. As of December 31, 2022 and 2021, management considered all accounts receivable to be fully collectible, and accordingly, has not provided for an allowance for uncollectible accounts.

Property and Equipment
Purchased property and equipment are carried at cost and are depreciated on the straight-line method over the estimated useful lives of the assets. The Organization capitalizes all significant property and equipment deemed to have an estimated useful life of greater than one year. Additions with a cost or fair value of less than $1,000 are expensed as incurred. Contributed property and equipment is recorded at fair market value on the date contributed.

Impairment of Long-Lived Assets
The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Contributions
The Organization evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or is a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies FASB ASC Topic 606, *Revenue from Contracts with Customers.* If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised, and a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Conditional promises to give are not included as support until the conditions are substantially met. The Organization did not receive any pledges during the years ended December 31, 2022 or 2021.

Unconditional contributions are recorded at net realizable value when the unconditional promise to give is received. Conditional promises to give are not recognized until they become unconditional promises to give, that is, when the conditions on which they depend are substantially met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the same accounting period are recorded as income within net assets without donor restrictions.

The Organization receives contributed services from several volunteers who have donated various amounts of time to the Organization's program services. Contributed services are recognized and recorded at fair market value only to the extent they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. Contributed nonfinancial assets are recognized at fair market value on the date received. The Organization's policy is to liquidate contributed nonfinancial assets unless they can be utilized to fulfill the Organization's mission.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Special Events
Special event revenues are reported net of the direct costs of the event that are attributable to the benefit that the donors receive referred to as "direct benefit to contributors." Special events revenues are recognized in the period in which the event is held.

Revenue Recognition
General Revenue Recognition
The Organization recognizes revenue depicting the transfer of promised services under the performance obligations of its contracts with customer in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*. Under Topic 606, revenues are measured in an amount specified in a contract with a customer, that reflects the consideration the Organization expects to be entitled to in exchange for these services. The Organization recognizes revenue when and as the Organization's performance obligations (i.e., the Organization's obligations to transfer services) are satisfied, which generally occurs with the transfer of control of the services to the customer. The Organization does not have any significant financing components as payment is received either shortly prior to, at the time of, or shortly after performance obligations are satisfied.

To determine proper revenue recognition, the Organization evaluates whether two or more contracts should be combined and accounted for as a single contract and whether a combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment, and the decision to combine contracts or separate a combined contract into multiple performance obligations could change the amount of revenue recorded in a given period. Contracts are considered to contain a single performance obligation if the promise to transfer individual services is not separately identifiable from other promises in the contracts.

The Organization generates revenue from the following program service offerings:

1) Adaptive horse-riding lessons (including unmounted horsemanship).

2) Work-based learning and career mentoring including hands-on work experiences in a farm setting for students at local educational institutions.

3) EAL including educational and emotional growth, learning and development.

4) EAP including therapy for grief, trauma, abuse, eating disorders, substance abuse, addiction, and codependency based on the model designed by the Equine Assisted Growth and Learning Association ("EAGALA"), the leading international EAP training and certifying organization.

5) Speech and occupational therapy including hippotherapy utilizing equine movement to engage sensory, neuromotor, and cognitive systems to achieve functional outcomes.

6) Military programs for veterans, law enforcement, and first responders and their family members as an EAGALA military services provider.

7) Corporate workshops including activities with horses, team discovery, and collaborating with staff to enhance communication and adaptation to new management styles and initiatives.

Each of the Organization's independent services represents a separate promise under a contract and is provided independently for each customer. As a result, the Organization has concluded that each independent service is capable of being distinct and is distinct within the context of the contract.

The performance obligations for each independent service meets the criteria to be recognized over time. The Organization believes this to be the most faithful depiction of the transfer of control of services, as the customer simultaneously receives and consumes the benefits provided by the Organization's performance. Revenues are recognized on performance obligations for services rendered using a number-of-sessions completed output method, by which actual number of sessions completed relative to total estimated sessions to complete, as a percentage, is used to determine the progress towards contract completion. The number of sessions completed are directly related to the progress and completion of the Organization's services. Therefore, the Organization believes the number-of-sessions completed output method is the most meaningful depiction of performance because it directly measures the value of the services transferred to the customer.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Revenue Recognition (Cont'd.)

General Revenue Recognition (Cont'd.)

The Organization's contracts are in the form of either annual contracts, monthly contracts, or individual (one-time) transactions as requested by its customers. In all of these cases, the Organization's contracts consist of either fixed price arrangements for a specified service or prices based on quoted hourly rates. Most of the Organization's services are paid at the time of service. For services that are not paid at the time of service, invoices are issued at the conclusion of work performed and typically include payment terms between 30 and 60 days. Adaptive horse-riding lesson customers purchase a minimum of four lessons up-front and use the lessons upon request. These up-front deposits are recorded as contract liabilities in the accompanying statement of financial position until the lesson is performed at which time they are recognized as revenue from contracts with customers in the accompanying statement of activities.

For contracts that contain multiple performance obligations, the Organization allocates the transaction price to each performance obligation based on the relative stand-alone prices of the various services encompassed by the contract. All of the Organization's performance obligations relate to contracts with an expected duration of less than one year. Therefore, the Organization has elected to apply the exception provided in Topic 606 and is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period.

Transaction Price

Under Topic 606, the transaction price of a contract comprises: 1) fixed cash considerations due from the customer; plus 2) estimated cash variable consideration due from the customer; plus 3) noncash consideration due from the customer; minus 4) estimated cash or noncash consideration payable to the customer; minus 5) contingent amounts, unless no revenue reversal is probable (i.e., constraint); plus, or minus 6) any significant financing component. The Organization bases the expected consideration from the customer on the existing contract and assumes services will be transferred as promised. The Organization's contracts typically do not include variable consideration, non-cash consideration, consideration payable to customers, contingent amounts, obligations for returns, or significant financing components. As such, the transaction price is the fixed price included in the contracts.

The Organization has elected a practical expedient to not adjust the promised amount of consideration when it is expected, at contract inception, that the period between the transfer of a promised service to a customer and when the customer pays for that service will be one year or less. The Organization did not have any unsatisfied (or partially satisfied) performance obligations as of December 31, 2022 or 2021.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Certain categories of expenses are attributable to both program services and supporting activities and require allocation on a reasonable basis that is consistently applied. Occupancy, maintenance and insurance and depreciation of certain property and equipment are allocated on a square footage basis. General, operating and office expenses and depreciation of certain property and equipment are allocated based on actual usage. Interest expense is allocated based on the functional purpose for which the debt proceeds were used. Personnel expenses are allocated based on estimates of time and effort.

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs aggregating $27,450 and $3,650 for the years ended December 31, 2022 and 2021, respectively, are included in general, operating and office expenses in the accompanying statement of functional expenses.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and from state and local income tax under comparable state and local laws. Accordingly, the Organization is not subject to federal, state, and local income tax, except to the extent it has unrelated business income. The Organization did not have unrelated business income for the years ended December 31, 2022 or 2021. As a result, no provision for federal, state, or local income taxes has been reflected in the accompanying financial statements.

GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing jurisdictions, based on the technical merits of the position. The Organization has determined that there are no material uncertain tax positions that require recognition 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 in progress. The Organization recognizes interest and penalties, if applicable, as a component of supporting activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Income Taxes (Cont'd.)
There were no interest and penalties incurred related to uncertain tax positions during the years ended December 31, 2022 or 2021.

Summarized Comparative Financial Information
The financial statements include certain prior period summarized comparative information. Such information does not include enough detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

NOTE 3 – GRANT RECEIVABLE

On December 19, 2019, the Organization was awarded a grant through New York State's 2019 Regional Economic Development Council Initiative (the "Grant") through New York Empire State Development. The purpose of the Grant is to renovate two existing barn structures and construct an additional building that is furnished with new equipment to expand the Organization's facility and program for high-risk youth and adults with disabilities to receive job training, work-force preparedness, and internships. The Organization estimates that the total project cost will be approximately $3,000,000, of which, a portion will be reimbursed under the Grant up to $600,000. The Grant is reimbursement based, with eligible costs including construction, renovation, infrastructure, site work, machinery, equipment, furniture, fixtures and professional services related to the project. The Grant requires the funds to be repaid if the Organization sells the property or facility or if either are no longer used for equine therapy within five years of disbursement of the funds. The Grant and related expenditures were originally anticipated during 2020, however, due to the coronavirus pandemic were delayed until 2022. The Organization accounts for the Grant as a conditional contribution, recognizing the Grant as contribution income as the Organization expends funds for eligible purposes. As of December 31, 2022, the Organization incurred $30,893 of eligible reimbursable costs which is presented as grant receivable in the accompanying statement of financial position. The Organization expects to collect this receivable during the year ended December 31, 2023 when construction is completed.

NOTE 4 – PROPERTY AND EQUIPMENT

During the year ended December 31, 2022, the Organization received in-kind contributions of excavation and foundation construction in the amount of $48,663. These in-kind contributions were valued at their fair market value at the price the contractors ordinarily charge for similar construction projects to their customers. The excavation and foundation construction are related to the project in Note 3 and will be placed in service upon completion of the construction project as part of the restore to balance program. Property and equipment consists of the following as of December 31, 2022 and 2021:

	2022	2021	Useful Life In Years
Land	$ 1,439,260	$ 1,439,260	
Buildings	1,400,816	1,400,816	39
Improvements	923,345	917,112	15
Equipment	233,098	213,332	5
Horses	193,549	177,984	7
Construction in progress	79,556	-	
Total property and equipment	4,269,624	4,148,504	
Less: accumulated depreciation	1,026,300	924,950	
Property and equipment	$ 3,243,324	$ 3,223,554	

NOTE 5 – LINE OF CREDIT

On February 15, 2017, the Organization entered into a financing agreement with a bank for a $10,000 revolving line of credit. The line of credit is cancellable at any time by both the Organization and the bank and bears interest at 0.5% above the prime rate per annum (8% and 3.75% as of December 31, 2022 and 2021, respectively). The line is collateralized by substantially all assets of the Organization excluding real property.

NOTE 6 – OTHER LOANS PAYABLE

On November 16, 2016, in connection with the refinancing of its mortgage (see Note 7), the Organization received a loan from a board member in the amount of $44,000 in order to pay off a previous lender. The loan is unsecured, non-interest bearing, and payable in monthly installments of $415 until the loan is repaid in January 2026. The balance of the loan was $15,369 and $20,350 as of December 31, 2022 and 2021, respectively, of which $4,981 represents current maturities as of December 31, 2022 and 2021.

On June 21, 2018, the Organization received a loan in the amount of $100,000 from a board member which was unsecured and non-interest bearing. The Organization and the board member agreed that no payments were due on the loan until 2023, at which time the loan was payable on demand. The balance of the loan was $20,000 as of December 31, 2021. During the years ended December 31, 2022 and 2021, the board member agreed to forgive $20,000 of the outstanding loan balance which is included in contributions in the accompanying statement of activities. The loan balance was completely forgiven during the year ended December 31, 2022.

On September 1, 2019, the Organization received a loan from a board member in the amount of $160,000. The loan was unsecured, non-interest bearing, and payable in monthly installments of $1,500. The balance of the loan was fully repaid during the year ended December 31, 2021. The following table summarizes the future maturities of other loans payable as of December 31, 2022:

Years Ending December 31,		
2023	$	4,981
2024		4,981
2025		4,981
2026		426
Total	$	15,369

NOTE 7 – LONG-TERM DEBT

On March 10, 2016, in connection with the purchase of equipment (included in Note 4), the Organization entered into a financing agreement with a lender for $27,612. The loan bore interest at a rate of 6.64% per annum, required monthly payments of principal and interest of $466, and matured on March 10, 2022. The loan was collateralized by the equipment. The balance of the loan was $5,386 as of December 31, 2021 and was paid in full during the year ended December 31, 2022.

On November 16, 2016, in connection with the refinance of the Organization’s previous mortgage with another lender, the Organization entered into a mortgage agreement with a bank for $1,125,000. The mortgage bears interest at a rate of 5% per annum through November 30, 2023, and subsequently at a rate equal to the greater of 5% or 3.25% plus the weekly average of the five-year United States Treasury Rate, as defined by the agreement. The mortgage requires monthly payments of principal and interest to amortize the principal amount over a twenty-year term ($7,469 through November 30, 2023) and a balloon payment on the maturity date of December 1, 2026 equal to the unpaid principal balance. The balance of the loan was $994,191 and $1,010,050 as of December 31, 2022 and 2021, respectively, of which $39,179 and $15,859 represents current maturities as of December 31, 2022 and 2021, respectively. The mortgage is collateralized by substantially all assets of the Organization including the premises owned by the Organization located at 829 Old Nichols Road and 891 Old Nichols Road, Islandia, New York. During April 2020, the Organization obtained a loan modification with the bank for the mortgage agreement permitting the Organization to defer the monthly principal and interest payments required between April 2020 and March 2021 (“the deferral period”). Interest continued to accrue throughout the deferral period and the principal balance is still due on the original maturity date. Payments resumed in April 2021. Accrued interest related to the deferral period of $23,695 is included in accrued expenses in the accompanying statement of financial position as of December 31, 2021.

On August 21, 2018, the Organization entered into a demand loan agreement with a bank for $550,000. Subsequently, on June 10, 2019, the terms of the agreement were amended to remove the demand loan provision. The remaining terms of the original demand loan agreement were not restated. The current agreement provides for interest at a rate of 5% per annum and is collateralized by substantially all assets of the Organization other than the Organization’s real property. The current agreement requires monthly payments of $3,239, including principal and interest, and a balloon payment at the maturity date of August 21, 2028. The balance of the loan was $531,943 as of December 31, 2022 and 2021, of which $6,198 represents current maturities as of December 31, 2022.

NOTE 7 – LONG-TERM DEBT (Cont'd.)

During April 2020, the Organization obtained a loan modification with the bank for the demand loan agreement permitting the Organization to defer the monthly principal and interest payments required between April 2020 and March 2021 ("the deferral period"). Interest continued to accrue throughout the deferral period and the principal balance is still due on the original maturity date. Payments resumed in April 2021. Accrued interest related to the deferral period of $5,287 and $17,127 as of December 31, 2022 and 2021, respectively, is included in accrued expenses in the accompanying statement of financial position.

In June 2020, the Organization received an Economic Injury Disaster Loan from the U.S. Small Business Administration ("SBA") in the original amount of $149,900. The Organization received additional funds from the SBA in August 2021 in the amount of $49,300 as part of an amendment to the loan agreement. The loan bears interest at 2.75% per annum. The loan requires monthly payments of $889, commencing on December 14, 2022 through the maturity date of June 14, 2050. A balloon payment equal to the unpaid principal balance plus any accrued interest is due at the maturity date. Accrued interest of $8,077 and $7,235 as of December 31, 2022 and 2021, respectively, is included in accrued expenses in the accompanying statement of financial position. The loan is secured by substantially all the assets of the Organization excluding the Organization's real property and the outstanding principal balance as of December 31, 2022 and 2021 was $199,200.

Long-term debt consists of the following as of December 31, 2022 and 2021:

	2022	2021
Total long-term debt	$ 1,725,334	$ 1,746,579
Less: current maturities of long-term debt	45,377	21,245
Long-term portion	1,679,957	1,725,334
Less: unamortized debt issuance costs	22,012	13,071
Long-term debt	$ 1,657,945	$ 1,712,263

The following table summarizes the maturities of long-term debt as of December 31, 2022:

Years Ending December 31,	
2023	$ 45,377
2024	55,858
2025	62,267
2026	889,999
2027	20,552
Thereafter	651,281
Total	$ 1,725,334

The Organization is subjected to various restrictive and financial covenants as part of its line of credit (see Note 5) and long-term debt agreements including maintaining certain financial ratios and other covenants. As of and for the year ended December 31, 2022, the Organization was not in compliance with certain covenants required by the Organization's mortgage and demand loan agreements. The Organization obtained a waiver of these covenant violations from the lender of both loans for the year ended December 31, 2022. Accordingly, the current and long-term portion of the Organization's long-term debt has been presented as described above.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following for the years ended December 31, 2022 and 2021:

	2022			
	Balance December 31, 2022	Support and Revenue	Net Assets Released from Restrictions	Balance December 31, 2021
Academic programs	$ 10,000	$ 10,000	$ -	$ -
Adaptive riding lessons	-	-	1,000	1,000
Experiential learning program	-	-	15,000	15,000
GROW program	15,000	15,000	-	-
Grief program	-	-	1,872	1,872
J-STEP	33,848	63,500	36,652	7,000
Military and family veterans program	-	-	1,000	1,000
Restore to balance maintenance structure	25,000	25,000	-	-
Training and scholarships	-	-	15,000	15,000
	$ 83,848	$ 113,500	$ 70,524	$ 40,872

	2021			
	Balance December 31, 2021	Support and Revenue	Net Assets Released from Restrictions	Balance December 31, 2020
Adaptive riding lessons	$ 1,000	$ 1,000	$ -	$ -
Equine assisted learning	-	-	6,000	6,000
Experiential learning program	15,000	15,000	-	-
Grief program	1,872	1,872	-	-
J-STEP	7,000	7,000	-	-
Memory impaired program	-	-	2,000	2,000
Military and family veterans program	1,000	1,000	-	-
Training and scholarships	15,000	15,000	-	-
	$ 40,872	$ 40,872	$ 8,000	$ 8,000

NOTE 9 – CONTRIBUTED SERVICES

Contributed services consists of the following for the years ended December 31, 2022 and 2021:

	2022	2021
Volunteer trainers, instructors and professionals	$ 98,319	$ 82,555
Printing	40,000	-
Sanitation and manure	30,000	30,000
Advertising	24,000	-
Legal and professional fees	20,000	15,000
	$ 212,319	$ 127,555

NOTE 10 – GRANT INCOME – PAYCHECK PROTECTION PROGRAM

In January of 2021, the Organization received a second Paycheck Protection Program (“PPP 2”) loan in the amount of $54,387 granted by the SBA under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act’), section 7(a)(36) of the Small Business Act. The loan proceeds were determined based upon two and a half months of the Organization’s 2020 average monthly payroll costs, as defined by the CARES Act. The loan was subject to partial or full forgiveness based on the proceeds being used for payroll and other qualifying costs within certain timeframes, as defined by the CARES Act and other subsequent law and SBA guidance.

NOTE 10 – GRANT INCOME – PAYCHECK PROTECTION PROGRAM (Cont'd.)

Based on the terms of the loan, including forgiveness, the Organization considered the PPP 2 loan to be a conditional grant, with a right-of-return in the form of an obligation to be repaid if barriers to entitlement are not met. These barriers include incurring qualifying expenses and maintaining certain levels of employee headcount and salary during a measurement period. The Organization considered reviews of the forgiveness application by the lender and the SBA, as well as potential audits, to be administrative in nature rather than barriers to entitlement. Based on the amount of qualifying expenditures incurred and employee headcount and salary levels maintained through December 31, 2021, the Organization recognized $54,387 as part of total revenue and support in the accompanying statement of activities during the year ended December 31, 2021. As of December 31, 2021, the PPP 2 loan has been fully forgiven.

NOTE 11 – GRANT INCOME – EMPLOYEE RETENTION CREDITS

Under the provisions of the CARES Act and the subsequent expansion of the CARES Act under the Consolidated Appropriations Act, the Organization determined it was eligible for a refundable employee retention credit subject to certain criteria for the third quarter of calendar year 2020 and first two quarters of calendar year 2021. The Organization considered employee retention credits to be grants and accordingly recognized $130,187 as part of total revenue and support in the accompanying statement of activities for the year ended December 31, 2021. The Organization received the employee retention credits during the year ended December 31, 2022.

NOTE 12 – CONCENTRATIONS

During the years ended December 31, 2022 and 2021, three donors comprised approximately 32% and 34%, respectively, of the Organization's total contributions.

During the years ended December 31, 2022 and 2021, one customer comprised approximately 20% and 24%, respectively, of the Organization's total program service revenues.

NOTE 13 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 16, 2023, the date on which the financial statements were available to be issued. There were no subsequent events through May 16, 2023 that required adjustment or disclosure in the financial statements, except for the following:

On January 27, 2023, the Organization entered into a second mortgage agreement with a bank for $600,000. The mortgage bears interest at the bank's prime rate and requires monthly payments of interest only with a maturity date of February 1, 2025. The Organization was advanced $281,057 on January 27, 2023, with the remaining available loan balance of $318,943 available to be drawn down by the Organization for construction related expenditures for the project described in Note 3. The mortgage is collateralized by substantially all assets of the Organization including the premises owned by the Organization located at 829 Old Nichols Road, Islandia, New York.

NOTE 14 – RECLASSIFICATIONS

Certain reclassifications have been made to the Organization's financial statement presentation as of and for the year ended December 31, 2021 to conform to the presentation of the financial statements as of and for the year ended December 31, 2022. Total net assets and change in net assets were not affected by these reclassifications.

NOTE 15 – LIQUIDITY

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to their nearness of their maturity and resulting use of cash. The Organization maintains a liquid cash balance in traditional checking and savings accounts in an amount necessary to meet its anticipated expenditures for at least the next 60 days. The Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As more fully described in Note 7, the Organization is subject to certain financial covenants in connection with its financing agreements. Additionally, the Organization has secured a second mortgage of $600,000 (see Note 13) for additional cash flow stability related to its construction project described in Note 3.

NOTE 15 – LIQUIDITY (Cont'd.)

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2022 and 2021 are comprised of the following:

	2022	2021
Cash	$ 88,435	$ 123,898
Accounts receivable	13,445	15,465
Total financial assets, at year-end	101,880	139,363
Less: those unavailable for general expenditures within one year, due to:		
donor-imposed restrictions: purpose	(83,848)	(40,872)
Financial assets available to meet cash needs for general expenditures within one year	$ 18,032	$ 98,491

NOTE 16 – CONSTRUCTION COMMITMENT

The Organization entered into an agreement with a construction contractor that is owned by family of a board member to perform $625,000 of construction work in conjunction with the grant and construction project as more fully described in Note 3.