JTS ASSOCIATES
CPAs, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Pal-O-Mine Equestrian, Inc.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR

THE YEAR ENDED DECEMBER 31, 2023)

Pal-O-Mine Equestrian, Inc.

Financial Statements
For the Year Ended December 31, 2024
(with Summarized Comparative Information for the Year Ended December 31, 2023)

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5 - 6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 17

JTS ASSOCIATES CPAs, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

www.jtshulman.com
info@jtshulman.com

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, 2024, 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, 2024 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.

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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Adjustment to Prior Period Financial Statements

As more fully described in Note 14 to the financial statements, the accompanying December 31, 2023 financial statements were restated due to an overstatement of grant receivable, restricted net assets, and contributions and grants income. Our opinion is not modified with respect to this matter.

JTS Associates CPAs, P.C.

Westbury, New York
April 29, 2025

Pal-O-Mine Equestrian, Inc.

Statement of Financial Position
December 31, 2024 (with Comparative Information as of December 31, 2023)

	2024	2023 (RESTATED)
ASSETS		
CURRENT ASSETS:		
Cash	$ 119,890	$ 155,104
Accounts receivable	42,951	26,870
Prepaid expenses	8,146	4,908
TOTAL CURRENT ASSETS	170,987	186,882
PROPERTY AND EQUIPMENT	4,146,368	3,950,573
TOTAL ASSETS	$ 4,317,355	$ 4,137,455
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 44,485	$ 32,742
Accrued expenses	35,112	43,438
Contract liabilities	11,395	10,000
Loans payable, current maturities	4,981	4,981
Long-term debt, current maturities	114,134	54,566
TOTAL CURRENT LIABILITIES	210,107	145,727
OTHER LIABILITIES:		
Loans payable, net of current maturities	600,426	5,407
Long-term debt, net of current maturities	1,553,401	2,098,108
Other liabilities	-	2,963
TOTAL OTHER LIABILITIES	2,153,827	2,106,478
TOTAL LIABILITIES	2,363,934	2,252,205
NET ASSETS:		
Without donor restrictions	1,886,911	1,851,337
With donor restrictions	66,510	33,913
TOTAL NET ASSETS	1,953,421	1,885,250
TOTAL LIABILITIES AND NET ASSETS	$ 4,317,355	$ 4,137,455

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, 2024 (with Summarized Comparative Information for the Year Ended December 31, 2023)

	2024			2023 (RESTATED)
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
SUPPORT AND REVENUE:				
Contributions and grants	$ 994,282	$ 84,766	$ 1,079,048	$ 891,247
Contributed services	162,000	-	162,000	127,974
In-kind donation of excavation and building foundation	-	-	-	162,410
In-kind donation of fire sprinkler system	-	-	-	40,000
In-kind donation of masonry and concrete	-	-	-	27,575
Special events, net of direct benefit to contributors of $78,609 and $119,289 in 2024 and 2023, respectively	95,860	-	95,860	156,622
Revenue from contracts with customers	675,404	-	675,404	542,066
Other income	113,949	-	113,949	78,743
Net assets released from restrictions	52,169	(52,169)	-	-
TOTAL SUPPORT AND REVENUE	2,093,664	32,597	2,126,261	2,026,637
TOTAL EXPENSES	2,058,090	-	2,058,090	1,686,556
CHANGE IN NET ASSETS	35,574	32,597	68,171	340,081
NET ASSETS - BEGINNING OF YEAR, AS RESTATED	1,851,337	33,913	1,885,250	1,545,169
NET ASSETS - END OF YEAR	$ 1,886,911	$ 66,510	$ 1,953,421	$ 1,885,250

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, 2024 (with Summarized Comparative Information for the Year Ended December 31, 2023)

	2024					2023 (RESTATED)
	Contracts	Lessons	Job Security Through Equine Partnership	Other Programs	Program Services Total	Program Services Total Summarized
Depreciation	$ 17,266	$ 17,265	$ 16,827	$ 72,537	$ 123,895	$ 94,130
General, operating and office expenses	15,614	15,614	3,334	15,352	49,914	44,912
Horse equipment, supplies and maintenance	67,757	52,701	-	30,114	150,572	151,284
Interest expense	18,667	18,667	18,667	44,668	100,669	64,641
Occupancy, maintenance and insurance	38,809	50,617	29,093	32,205	150,724	126,171
Outreach	-	-	-	21,326	21,326	10,240
Personnel expenses	172,833	329,762	197,243	318,934	1,018,772	880,659
Training expenses	-	-	-	12,901	12,901	7,431
Total expenses	$ 330,946	$ 484,626	$ 265,164	$ 602,952	$ 1,683,688	$ 1,379,468

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, 2024 (with Summarized Comparative Information for the Year Ended December 31, 2023)

	2024						2023 (RESTATED)
		Supporting Services					
	Total Program Services	Management and General	Fundraising	Total Supporting Services	Direct Benefit to Contributors	Total	Summarized Total
Depreciation	$ 123,895	$ 5,580	$ -	$ 5,580	$ -	$ 129,475	$ 100,263
General, operating and office expenses	49,914	40,431	22,769	63,200	-	113,114	92,134
Horse equipment, supplies and maintenance	150,572	-	-	-	-	150,572	151,284
Interest expense	100,669	39,975	4,881	44,856	-	145,525	90,451
Occupancy, maintenance and insurance	150,724	19,352	16,261	35,613	-	186,337	156,443
Outreach	21,326	-	-	-	-	21,326	10,240
Personnel expenses	1,018,772	93,194	56,130	149,324	-	1,168,096	984,665
Postage, printing and delivery	-	-	1,063	1,063	-	1,063	1,121
Professional fees	-	74,766	-	74,766	-	74,766	92,524
Special events	-	-	-	-	78,609	78,609	119,289
Training expenses	12,901	-	-	-	-	12,901	7,431
Total expenses	1,683,688	273,298	101,104	374,402	78,609	2,136,699	1,805,845
Less: direct benefit to contributors	-	-	-	-	78,609	78,609	119,289
Total expenses included in the statement of activities	$ 1,683,688	$ 273,298	$ 101,104	$ 374,402	$ -	$ 2,058,090	$ 1,686,556

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

JTS ASSOCIATES CPAs, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Pal-O-Mine Equestrian, Inc.

Statement of Cash Flows
For the Year Ended December 31, 2024
(with Comparative Information for the Year Ended December 31, 2023)

	2024	2023 (RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 68,171	$ 340,081
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	129,475	100,263
Amortization of debt issuance costs	2,659	2,658
In-kind donation of excavation and building foundation	-	(162,410)
In-kind donation of fire sprinkler system	-	(40,000)
In-kind donation of masonry and concrete	-	(27,575)
Changes in operating assets and liabilities:		
Accounts receivable	(16,081)	(13,425)
Prepaid expenses	(3,238)	8,686
Accounts payable	11,743	(7,266)
Accrued expenses	(8,326)	12,421
Contract liabilities	1,395	1,500
Other liabilities	(2,963)	(2,450)
NET CASH PROVIDED BY OPERATING ACTIVITIES	182,835	212,483
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(325,270)	(577,527)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	117,434	482,566
Repayment of long-term debt	(605,232)	(45,872)
Net proceeds from other loans payable	595,019	(4,981)
NET CASH PROVIDED BY FINANCING ACTIVITIES	107,221	431,713
NET (DECREASE) INCREASE IN CASH	(35,214)	66,669
CASH - BEGINNING OF YEAR	155,104	88,435
CASH - END OF YEAR	$ 119,890	$ 155,104
SUPPLEMENTAL CASHFLOW INFORMATION:		
Cash paid for interest	$ 147,551	$ 89,762

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 over 500 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 an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2024 or 2023. The Organization places its temporary cash investments with high credit quality financial institutions. At times, such investments may exceed the Federal Deposit Insurance Corporation insurance limits. These balances could be impacted if one or more of these financial institutions fails or is subject to other adverse conditions in the financial or credit markets. Due to recent failures in the banking industry, the risk of loss in excess of insurance limitations has generally increased.

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 $42,951, $26,870 and $13,445 as of December 31, 2024, 2023 and 2022, 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 $11,395, $10,000 and $8,500 as of December 31, 2024, 2023 and 2022, respectively. The Organization did not have any contract assets as of December 31, 2024, 2023, or 2022.

Accounts Receivable and Allowance for Credit Losses
Accounts receivable are stated at amortized cost, net of an allowance for credit losses, are generally due between 30 to 60 days from the time of invoicing, and do not bear interest. The Organization's accounts receivable is categorized by portfolio segment, which is defined as the level at which an entity develops and documents a systematic methodology to determine the allowance for credit losses. The Organization's portfolio segments are local education institutions and individual customers.

The Organization's local education institutions bear significantly lower credit risk as compared to individual customers due to differences in credit history, financial resources, and future uncertainty. The allowance for credit losses represents an estimate of the lifetime expected credit losses inherent in accounts receivable as of the balance sheet date, even when the risk of loss is remote. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the accounts receivable to present the net amount expected to be collected. Additions to the allowance for credit losses are included in general, operating and office expenses and amounts determined to be uncollectible are charged directly against the allowance for credit losses.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist, based on customer credit ratings, and is established as a percentage of accounts receivable. The Organization has identified pools with similar risk characteristics, based on the above referenced portfolio segments. The percentage is based on all available and relevant information including age of outstanding receivables, historical payment experience and loss history, current economic conditions, and, when reasonable and supportable forecasts exist, management's expectation of future economic conditions. Each reporting period, the Organization reassesses whether any accounts receivable no longer share similar risk characteristics and should instead be evaluated as part of another pool or on an individual basis.

While management believes it has exercised prudent judgment and applied reasonable assumptions, there can be no assurance that in the future, changes in economic conditions or other factors would not cause changes in the financial health of the Organization's customers. If the financial health of the Organization's customers deteriorates, the timing and level of payments received could be impacted and therefore, could result in a change to the Organization's estimated losses. Based on the credit history, aging of receivables, current economic conditions and the Organization's forecasts, an allowance for credit losses was not provided for as of December 31, 2024 or December 31, 2023.

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.*

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

Contributions (Cont'd.)
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 both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised; and (2) 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, 2024 or 2023.

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 support 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 and supporting activities. 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.

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 customers 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.

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

Revenue Recognition (Cont'd.)

General Revenue Recognition (Cont'd.)

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.

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.

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

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 $2,258 and $1,973 for the years ended December 31, 2024 and 2023, 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, 2024 or 2023. 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. There were no interest and penalties incurred related to uncertain tax positions during the years ended December 31, 2024 or 2023.

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, 2023, from which the summarized information was derived.

NOTE 3 – NEW YORK STATE REGIONAL ECONOMIC DEVELOPMENT COUNCIL INITIATIVE GRANT

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 provide partial funding for the Organization's approximate $3,000,000 long-term capital expansion campaign to renovate two existing barn structures and construct an additional building including 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 project was completed in April 2024.

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. Due to the repayment feature of the grant, no grant revenue will be recognized until the funds are received and the five-year period commences, at which time grant revenue will be recognized straight-line over the five-year period.

NOTE 4 – PROPERTY AND EQUIPMENT

During the years ended December 31, 2023, the Organization recorded in-kind contributions of excavation and building foundation, fire sprinkler system, and masonry and concrete in the accompanying statements of activities. 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. These contributed items are related to the project described in Note 3 and were placed in service upon completion of the construction project as part of the restore to balance program in April of 2024. Property and equipment consists of the following as of December 31, 2024 and 2023:

	2024	2023	Useful Life In Years
Land	$ 1,439,260	$ 1,439,260	-
Buildings	1,400,816	1,400,816	39
Improvements	2,056,179	938,132	15
Equipment	274,202	254,293	5
Horses	231,949	199,949	7
Construction in progress	-	844,686	
Total property and equipment	5,402,406	5,077,136	
Less: accumulated depreciation	1,256,038	1,126,563	
Property and equipment	$ 4,146,368	$ 3,950,573	

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 9% as of December 31, 2024 and 2023, respectively). The line is collateralized by substantially all assets of the Organization excluding real property. There was no outstanding balance on the line of credit as of December 31, 2024 or 2023.

NOTE 6 – 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 $5,407 and $10,388 as of December 31, 2024 and 2023, respectively, of which $4,981 represents current maturities as of December 31, 2024 and 2023.

On December 9, 2024, the Organization received a loan from a board member in the amount of $600,000 which is unsecured, bears interest at a rate of 7.25% per annum, and requires monthly payments of interest only until 2033 when the entire loan balance becomes due at the expiration of the loan. The balance of the loan was $600,000 at December 31, 2024.

The following table summarizes the future maturities of loans payable as of December 31, 2024:

Years Ending December 31,	
2025	$ 4,981
2026	426
2027	-
2028	-
2029	-
Thereafter	600,000
Total	$ 605,407

NOTE 7 – LONG-TERM DEBT

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 7.75% per annum, requires monthly payments of principal and interest of $9,723, and a balloon payment on the maturity date of December 1, 2026 equal to the unpaid principal balance. The balance of the loan was $911,207 and $954,039 as of December 31, 2024 and 2023, respectively, of which $45,347 and $41,696 represents current maturities as of December 31, 2024 and 2023, 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.

On August 21, 2018, the Organization entered into a loan agreement with a bank for $550,000. The 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 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 $513,823 and $526,223 as of December 31, 2024 and 2023, respectively, of which $13,531 and $12,870 represents current maturities as of December 31, 2024 and 2023, respectively.

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 and requires monthly payments of $889 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 $4,249 and $8,077 as of December 31, 2024 and 2023, 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 The outstanding principal balance as of December 31, 2024 and 2023 was $199,200, of which $5,256 represents current maturities as of December 31, 2024.

On January 27, 2023, the Organization entered into a mortgage agreement with a bank for a maximum amount of $600,000. The mortgage allows the Organization to make advances for the construction project as described in Note 3. The mortgage bears interest at the bank's prime rate (7.5% and 8.5% as of December 31, 2024 and 2023, respectively). The mortgage requires monthly payments of interest only with a final payment on the maturity date of February 1, 2025 equal to the total unpaid principal balance plus any outstanding accrued interest. In connection with a loan agreement with a board member (see Note 6), the Organization paid off $550,000 of the loan during the year ended December 31, 2024. The remaining balance of $50,000 was paid in full during January 2025. The outstanding balance as of December 31, 2023 was $482,566. 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.

The Organization is subjected to various restrictive and financial covenants as part of its long-term debt agreements including maintaining certain financial ratios and other covenants. As of and for the year ended December 31, 2024, the Organization was in compliance with its restrictive covenants.

Long-term debt consists of the following as of December 31, 2024 and 2023:

	2024	2023
Total long-term debt	$ 1,674,230	$ 2,162,028
Less: current maturities of long-term debt	114,134	54,566
Long-term portion	1,560,096	2,107,462
Less: unamortized debt issuance costs	6,695	9,354
Long-term debt	$ 1,553,401	$ 2,098,108

NOTE 7 – LONG-TERM DEBT (Cont'd.)

The following table summarizes the maturities of long-term debt as of December 31, 2024:

Years Ending December 31,	
2025	$ 114,134
2026	885,486
2027	20,504
2028	476,824
2029	5,866
Thereafter	171,416
Total	$ 1,674,230

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following for the years ended December 31, 2024 and 2023:

	Balance December 31, 2024	Support and Revenue	Net Assets Released from Restrictions	Balance December 31, 2023
Adaptive riding lessons	$ -	$ -	$ 3,600	$ 3,600
ARC program	2,500	15,000	12,500	-
CAMP	2,500	2,500	-	-
J-STEP	51,510	52,266	23,069	22,313
Veterans program	10,000	15,000	5,000	-
Wellness nutrition program	-	-	8,000	8,000
	$ 66,510	$ 84,766	$ 52,169	$ 33,913

	Balance December 31, 2023	Support and Revenue	Net Assets Released from Restrictions	Balance December 31, 2022
Academic programs	$ -	$ -	$ 10,000	$ 10,000
Adaptive riding lessons	3,600	7,200	3,600	-
GROW program	-	-	15,000	15,000
J-STEP	22,313	35,800	47,335	33,848
Maintenance structure	-	-	25,000	25,000
Wellness nutrition program	8,000	20,000	12,000	-
	$ 33,913	$ 63,000	$ 112,935	$ 83,848

NOTE 9 – RELATED PARTY TRANSACTIONS

The Organization's board members and their relatives contributed $218,289 and $227,000 for the years ended December 31, 2024 and 2023, respectively.

The Organization incurred $136,945 and $461,927 during the years ended December 31, 2024 and 2023, respectively, of costs to a construction contractor that is owned by family of a board member in connection with the project described in Note 3.

NOTE 10 – CONTRIBUTED SERVICES

Contributed services consists of the following for the years ended December 31, 2024 and 2023:

	2024	2023
Volunteer trainers, instructors and professionals	$ 112,000	$ 97,974
Sanitation and manure	30,000	30,000
Architectural designs	20,000	-
	$ 162,000	$ 127,974

The Organization's contributed services for volunteers, trainers, instructors and professionals and sanitation and manure serve the programs of lessons, contracts, J-STEP, other programs and management and general functions based on actual usage. Contributed services for architectural designs were used for other programs.

NOTE 11 – CONCENTRATIONS

During the year ended December 31, 2023, one donor comprised approximately 18% of the Organization's total contributions.

During the years ended December 31, 2024 and 2023, one customer comprised approximately 13% and 15%, respectively, of the Organization's total program service revenues.

As of December 31, 2024, three customers comprised 81% of the Organization's accounts receivable.

NOTE 12 – 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 30 to 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. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2024 and 2023 are comprised of the following:

	2024	2023
Cash	$ 119,890	$ 155,104
Accounts receivable	42,951	26,870
Total financial assets, at year-end	162,841	181,974
Less: those unavailable for general expenditures within one year, due to:		
donor-imposed restrictions: purpose	(66,510)	(33,913)
Financial assets available to meet cash needs for general expenditures within one year	$ 96,331	$ 148,061

NOTE 13 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 29, 2025, the date on which the financial statements were available to be issued. There were no subsequent events through April 29, 2025 that required adjustment or disclosure in the financial statements.

NOTE 14 – PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

Net assets as of December 31, 2023 and 2022 have been restated to revise the overstating of grant receivable and overstating of contributions and grants related to the accounting for the grant more fully described in Note 3. The effects of the prior period adjustment on the specific accounts is detailed as follows:

Account	As Originally Reported	Adjustment	Restated
As of December 31, 2023:			
Grant receivable	$ 533,050	$ (533,050)	$ -
Net assets with donor restrictions	$ 566,963	$ (533,050)	$ 33,913
Total net assets	$ 2,418,300	$ (533,050)	$ 1,885,250
As of December 31, 2022:			
Grant receivable	$ 30,893	$ (30,893)	$ -
Total net assets	$ 1,576,062	$ (30,893)	$ 1,545,169
For the year ended December 31, 2023			
Contributions and grants	$ 1,393,404	$ (502,157)	$ 891,247