



Warrior Ranch Foundation, Inc.

Financial Statements

With Independent Accountant's Review Report

December 31, 2023



WARRIOR RANCH FOUNDATION, INC.

INDEX TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Warrior Ranch Foundation, Inc.  
1179 Edwards Avenue  
Calverton, NY 11933

We have reviewed the accompanying financial statements of the Warrior Ranch Foundation, Inc., which are comprised of the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Warrior Ranch Foundation, Inc. management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair representation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with the *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Warrior Ranch Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Smithtown, NY  
July 26, 2024

Warrior Ranch Foundation, Inc.

Financial Statements

December 31, 2023

WARRIOR RANCH FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31,

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 199,975	\$ 170,446
Restricted cash	35,005	43,546
Total cash	234,980	213,992
Accounts receivable, net	1,000	7,500
Prepaid expenses	5,464	3,042
Investments, at fair value	12,340	10,856
Total current assets	253,784	235,390
<u>OTHER ASSETS</u>		
Right to use property	17,719	40,364
Property and equipment, net	160,761	154,071
Total assets	\$ 432,264	\$ 429,825
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 5,808	\$ 6,399
Loan payable - short term	2,434	2,318
Operating lease payable - short term	-	8,280
Total current liabilities	8,242	16,997
<u>LONG TERM LIABILITIES</u>		
Loan payable - long term	9,276	11,711
Operating lease payable - long term	17,719	32,084
Total liabilities	35,237	60,792
<u>NET ASSETS</u>		
Without donor restrictions		
Undesignated	342,027	305,497
Board designated net assets	30,000	30,000
	372,027	335,497
With donor restrictions	25,000	33,536
Total net assets	397,027	369,033
Total liabilities and net assets	\$ 432,264	\$ 429,825

See accompanying notes and independent accountant's review report.

WARRIOR RANCH FOUNDATION, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31.

	Without Donor Restrictions	With Donor Restrictions	2023 Total		Without Donor Restrictions	With Donor Restrictions	2022 Total
<b>SUPPORT AND REVENUES</b>							
<u>Support</u>							
Contributions, including in-kind of \$35,225 (2023) and \$14,859 (2022)	\$ 82,347	\$ 29,158	\$111,505		\$ 92,092	\$ 32,373	\$124,465
Foundation and trust grants, net	36,750	-	36,750		25,000	-	25,000
Government grants	-	-	-		25,000	-	25,000
In-kind services	18,665	-	18,665		9,505	-	9,505
Special events income	\$156,283			\$92,298			
Special events direct costs, including in-kind of \$10,965 (2023)	(43,774)			(22,993)			
Total special events - net	112,509	-	112,509		69,305	-	69,305
Total support	250,271	29,158	279,429		220,902	32,373	253,275
<u>Revenues</u>							
Investment income	2,699	-	2,699		(1,509)	-	(1,509)
Loss on sale of asset	(3,771)	-	(3,771)		-	-	-
Fees for service	-	-	-		9,275	-	9,275
Total revenues	(1,072)	-	(1,072)		7,766	-	7,766
Total support and revenues	249,199	29,158	278,357		228,668	32,373	261,041
<u>NET ASSETS RELEASED FROM RESTRICTIONS</u>	37,694	(37,694)	-		-	-	-
Total support, revenues and net assets released from restrictions	286,893	(8,536)	278,357		228,668	32,373	261,041
<b>EXPENSES</b>							
<u>Program services</u>							
Equine interaction program	132,657	-	132,657		112,043	-	112,043
Carriage driving	26,458	-	26,458		18,587	-	18,587
Horse care & training program	19,656	-	19,656		15,052	-	15,052
Total program services	178,771	-	178,771		145,682	-	145,682
<u>Supporting services</u>							
Management & general	58,959	-	58,959		53,424	-	53,424
Fundraising	12,633	-	12,633		23,785	-	23,785
Total supporting services	71,592	-	71,592		77,209	-	77,209
Total expenses	250,363	-	250,363		222,891	-	222,891
Changes in net assets for the year	36,530	(8,536)	27,994		5,777	32,373	38,150
Net assets - beginning of year	335,497	33,536	369,033		329,720	1,163	330,883
Net assets - end of year	\$ 372,027	\$ 25,000	\$397,027		\$ 335,497	\$ 33,536	\$369,033

See accompanying notes and independent accountant's review report.

WARRIOR RANCH FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

	----- Program Services -----			Program Services Total	----- Supporting Services -----		Total Expenses
	Equine Interaction Program	Carriage Driving	Horse Care & Training Program		Management and General	Fundraising	
<b>EXPENSES</b>							
Salaries	\$ 22,627	\$ 6,507	\$ -	\$ 29,134	\$ -	\$ -	\$ 29,134
Coaching	40,125	3,300	600	44,025	-	-	44,025
Professional fees	-	-	-	-	7,606	7,500	15,106
Horse training	-	-	17,380	17,380	-	-	17,380
Horse rental	14,250	100	100	14,450	200	-	14,650
Retreat security	2,700	-	-	2,700	-	-	2,700
Mental health professional	300	-	-	300	-	-	300
Fee for service	142	58	-	200	-	2,900	3,100
Advertising and promotion	650	-	-	650	10,854	-	11,504
Office expense	45	-	72	117	11,964	1,030	13,111
Occupancy	30	12	-	42	14,973	-	15,015
Travel	-	2,255	-	2,255	1,297	-	3,552
Interest	451	185	-	636	-	-	636
Depreciation	10,413	4,276	-	14,689	5,094	1,203	20,986
Insurance	101	42	-	143	1,579	-	1,722
Horse care	16,279	6,644	1,504	24,427	-	-	24,427
Retreat food	11,207	569	-	11,776	-	-	11,776
Bank and credit card fees	-	-	-	-	1,296	-	1,296
Special events	-	-	-	-	-	43,774	43,774
Facilities and maintenance	6,113	2,510	-	8,623	4,096	-	12,719
Miscellaneous Expenses	7,224	-	-	7,224	-	-	7,224
Subtotal	132,657	26,458	19,656	178,771	58,959	56,407	294,137
Less exchange transactions	-	-	-	-	-	(43,774)	(43,774)
Total expenses	<u>\$ 132,657</u>	<u>\$ 26,458</u>	<u>\$ 19,656</u>	<u>\$ 178,771</u>	<u>\$ 58,959</u>	<u>\$ 12,633</u>	<u>\$ 250,363</u>

See accompanying notes and independent accountant's review report.

WARRIOR RANCH FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	----- Program Services -----			Program Services Total	---- Supporting Services ----		Total Expenses
	Equine Interaction Program	Carriage Driving	Horse Care & Training Program		Management and General	Fundraising	
<u>EXPENSES</u>							
Salaries	\$ 24,114	\$ 5,665	\$ 1,919	\$ 31,698	\$ 3,072	\$ -	\$ 34,770
Coaching	36,700	-	500	37,200	500	-	37,700
Professional fees	-	-	-	-	9,304	5,120	14,424
Horse training	-	-	11,950	11,950	-	-	11,950
Horse rental	7,775	-	-	7,775	200	-	7,975
Retreat security	3,900	-	-	3,900	-	-	3,900
Mental health professional	-	-	-	-	-	-	-
Fee for service	-	-	-	-	-	2,900	2,900
Advertising and promotion	1,730	45	-	1,775	2,650	2,650	7,075
Office expense	223	-	50	273	8,013	2,762	11,048
Occupancy	260	121	-	381	12,639	4,340	17,360
Travel	1,938	-	-	1,938	-	-	1,938
Interest	289	134	-	423	-	-	423
Depreciation	7,706	3,572	-	11,278	4,488	1,051	16,817
Insurance	460	-	-	460	3,938	1,466	5,864
Horse care	17,936	7,432	633	26,001	95	-	26,096
Retreat food	6,645	544	-	7,189	-	-	7,189
Bank and credit card fees	-	-	-	-	1,379	-	1,379
Special events	-	-	-	-	-	22,993	22,993
Facilities and maintenance	2,283	1,058	-	3,341	7,146	3,496	13,983
Miscellaneous Expenses	84	16	-	100	-	-	100
Subtotal	112,043	18,587	15,052	145,682	53,424	46,778	245,884
Less exchange transactions	-	-	-	-	-	(22,993)	(22,993)
Total expenses	<u>\$ 112,043</u>	<u>\$ 18,587</u>	<u>\$ 15,052</u>	<u>\$ 145,682</u>	<u>\$ 53,424</u>	<u>\$ 23,785</u>	<u>\$ 222,891</u>

See accompanying notes and independent accountant's review report.



WARRIOR RANCH FOUNDATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities</u>		
Changes in net assets for the year	\$ 27,994	\$ 38,150
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	20,986	16,817
Unrealized (gain) loss in fair value of investments	(1,484)	2,262
(Increase) in prepaid expenses	(2,422)	(3,042)
Loss on sale of assets	3,771	-
Changes in operating liabilities:		
Decrease in accounts receivable	6,500	-
(Decrease) increase in accounts payable and accrued expenses	(591)	4,972
Net cash provided by operating activities	<u>54,754</u>	<u>59,159</u>
<u>Cash flows from investing activities</u>		
Purchases of fixed assets	<u>(31,447)</u>	<u>(44,307)</u>
Net cash (used in) investing activities	<u>(31,447)</u>	<u>(44,307)</u>
<u>Cash flows from financing activities</u>		
Proceeds from, repayments on long-term borrowings	(2,319)	15,330
Reduction of lease liability	<u>-</u>	<u>(1,301)</u>
Net cash (used in) provided by financing activities	<u>(2,319)</u>	<u>14,029</u>
Net change in cash for year	20,988	28,881
Cash at beginning of year	<u>213,992</u>	<u>185,111</u>
Cash at end of year	<u>\$ 234,980</u>	<u>\$ 213,992</u>
<u>Supplemental cash flows disclosures</u>		
Cash utilized to pay interest	<u>\$ -</u>	<u>\$ -</u>
Cash utilized to pay taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and independent accountant's review report.

WARRIOR RANCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Nature of Organization

Warrior Ranch Foundation, Inc. (Organization) is a nonprofit entity located in Calverton, New York, established for two purposes:

- Providing equine interaction techniques to US Veterans and first responders suffering from symptoms of post-traumatic stress disorder by teaching them natural horsemanship training methods and to re-purpose rescue horses while helping themselves.
- Rescuing, retraining and adopting retired or injured horses from the race-track, as well as neglected horses donated from horse farms, ranches, and the Humane Society.

To accomplish these purposes, the Organization runs three programs:

- Equine Interaction Program – Retreats that teach participants to interact directly with horses.
- Driving Program – Retreats to teach participants how to lead a horse as it pulls a carriage.
- Horse Training Program – Retraining of rescued horses using natural horsemanship techniques.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to the basis of accounting described below and have been consistently applied in preparing these financial statements.

a) Basis of Presentation

The Organization's financial statements have been prepared in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") framework on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Under this method, income is recognized when earned, and expenses are recognized when incurred.

b) Recognition of Support and Classes of Net Assets

These financial statements have been prepared in accordance with Accounting Standards Update (ASU) No. 2016-14 *Not-for-Profit Entities (ASC Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. This US GAAP presentation reports revenues, expenses, gains and losses and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes in net assets are classified as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets that are subject to donor (or certain grantor) imposed restrictions are reported under this caption. Donor-imposed restrictions can be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

WARRIOR RANCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2. Summary of Significant Accounting Policies – continued

c) Contributions

The Organization complies with the FASB ASU 2018-08, *Not-for-Profit Entities ASC Topic 958: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Earned*. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (an exchange transaction) or nonreciprocal (a contribution) and for distinguishing between conditional and unconditional contributions.

Contributions are recorded with or without restriction, depending on donor restrictions' existence and nature. Amounts designated for future periods or restricted by donors for specific purposes are recorded as restricted support and as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the Statement of Activities and Changes in Net Assets. If a restriction is met within the same period in which the contribution is received, the Organization reports the gifts as without donor restriction.

d) Revenue Recognition

The Organization has adopted ASU 2014-09, *Revenue Contracts with Customers* (Topic 606). This standard requires the Organization to include detailed disclosures to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Fee for service revenue is recognized when earned and services are provided to the Organization's clients. Fee for service revenue is primarily derived from retreats related to the Equine Interaction Program.

The Organization records any deposits or prepayments for retreats as deferred income. Once the retreat commences any deferred income is realized as fee for service revenue.

e) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect specific reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also impact the reported amounts of revenue and expenses during the reporting period. Estimates include the allocation of expenses on a functional basis and depreciation. Accordingly, actual results could differ from those estimates.

f) Cash

For reporting purposes, the Organization considers all demand deposits and highly liquid investments purchased with an initial maturity of three months or less to be cash. Accordingly, cash is reported as either unrestricted or restricted cash balances.

g) Concentrations of Credit Risk

The Organization maintains its cash at financial institutions that the Federal Deposit Insurance Corporation insures up to \$250,000. From time-to-time bank balances may exceed this insurance limit. No balances were uninsured on December 31, 2023 and 2022.

Credit risk with respect to promises to give is limited to the number and creditworthiness of the individuals who comprise the contributor base. Substantially all contributors are located in New York. Promises to give are stated at the amount management expects to collect from outstanding balances.

See Independent Accountant's Review Report.

WARRIOR RANCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2. Summary of Significant Accounting Policies – continued

h) Cash, Restricted

The Financial Accounting Standards Board has issued *Accounting Standards Update (ASU) 2016-18, Restricted Cash*, to address the diversity in the practice of how changes in restricted cash are presented on the statement of cash flows. The standard requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The Organization is also required to reconcile amounts reported on the cash flows to the statement of financial position and disclose the nature of the restrictions.

Restricted cash is held for specific purposes. Restricted cash balances were comprised of the following at December 31:

	December 31, <u>2023</u>	December 31, <u>2022</u>
Donor Program Restrictions		
Equine Interaction Program	\$ -	\$ 5,643
Driving Program	<u>-</u>	<u>12,893</u>
Total Program Restrictions	\$ -	\$ 18,536
Other Donor Restrictions	25,000	15,000
Board Restriction - Suffolk Cty Req	<u>10,000</u>	<u>10,000</u>
Restricted Cash Balance	<u>\$ 35,000</u>	<u>\$ 43,536</u>

i) Accounts Receivable

Accounts receivable consist of an event sponsorship fee and are stated at the amount the Organization expects to collect from outstanding balances. The Organization considers the collectability of each account individually. At December 31, 2023 and 2022, the Organization deemed that no allowance against this receivable was required.

j) Allowance for Credit Losses

The Organization adopted the Current Expected Credit Loss (CECL) model as of January 1, 2023. The CECL model requires the recognition of an allowance for credit losses for financial assets measured at amortized cost, including accounts receivable. The allowance is based on the expected credit losses over the life of the receivable, considering historical experience, current conditions, and reasonable and supportable forecasts.

The Organization believes that having no allowance for credit losses at December 31, 2023 and 2022 adequately reflects the credit risk in the accounts receivable portfolio at that point in time.

k) Promises to Give

Unconditional promises to give are recognized as revenues in the period received, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met, and the promises become unconditional. The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

See Independent Accountant's Review Report.

WARRIOR RANCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2. Summary of Significant Accounting Policies – continued

l) Property and Equipment

The Organization operates within a facility owned by the County of Suffolk, New York. The Organization is responsible for maintaining the facility, including repairs and maintenance. The Organization's policy is to capitalize property and equipment with a cost of \$1,000 or more and a useful life in excess of one year. Donations of property and equipment are recorded as support at their estimated fair market value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment is carried at cost.

Depreciation is calculated by the straight-line method over the estimated useful lives of the assets as follows:

<u>Asset Categories Class</u>	<u>Years</u>
Furniture & equipment	5
Buildings	12 - 20
Facility improvements	5 - 10

m) In-kind Contributions and Services

A substantial number of volunteers have donated significant time to the Organization's operations and program services. Contributed services that create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills will be recognized as support. Donated materials and services are reflected in the accompanying statement of activities as contributions in kind based on their estimated fair market value at the date of receipt.

n) Advertising and Promotion

Advertising and promotion are expensed as incurred. Marketing expenses for the years ended December 31, 2023 and 2022 amounted to \$11,504 and \$7,075, respectively.

o) Allocation of Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. The Statement of Functional Expenses presents the natural classification detail of expenses allocated by function.

p) Income Tax Status

The Organization is incorporated as a nonprofit corporation under the laws of the State of New York and has qualified for exemption from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in section 509(a). Donors may deduct contributions made to Warrior Ranch within the requirements of the Internal Revenue Code.

Warrior Ranch Foundation files an IRS Form 990 and the respective state and local tax returns. These tax returns are potentially subject to review and examination by federal, state, and local taxing authorities. Tax returns for the years ended December 31, 2021 - 2023 are open for inspection by federal, state, and local taxing authorities. The Organization has determined that it has registered in all states where it is required to be registered.

See Independent Accountant's Review Report.

WARRIOR RANCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2. Summary of Significant Accounting Policies – continued

q) Investments and Related Income

Investments are carried at fair value. The cost of investment securities sold is determined on an average cost basis. Realized and unrealized gains and losses on investments are determined by comparison of the actual cost to the proceeds at the time of the disposition or market values at the end of the financial statement period. Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with the investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

r) Investment Policy

The general investment objective of the Organization is to obtain balanced and conservative growth of its investment assets commensurate with the Prudent Person Rule in which the Organization acts with discretion and makes choices a reasonable person would make. The Organization's investments are diversified across asset classes to achieve such an objective.

The Organization's investments are overseen by its Board of Directors who charge their selected Investment Manager with the task of making investments for the interest and purpose of providing investment returns for the Organization. The assets must be invested with the care, skills and diligence that a prudent person acting in this capacity would undertake. Decisions regarding changes in the Organization's investment policy or arrangements with respect to professional investment management are made by the Board of Directors.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2023:

	December 31, <u>2023</u>	December 31, <u>2022</u>
Cash, unrestricted	\$ 199,975	\$ 170,456
Accounts receivable	1,000	7,500
Investments, at fair value	<u>12,340</u>	<u>10,856</u>
	<u>\$ 213,315</u>	<u>\$ 188,812</u>

As part of the Organization's liquidity management plan, the Organization invests cash in excess of its operating requirements in money market funds.

The \$213,315 of financial assets is available to be used for the operating expenditures for the fiscal year 2024 and to satisfy the December 31, 2023 current outstanding liabilities of \$8,242.

During the fiscal year ended December 31, 2023, the Organization continued capital related improvements of the Equestrian Center and the Clubhouse roof replacement, as well as the purchase of a portable corral and tent cover. The new capital improvements will add opportunities for additional horse rescue and veteran / first responder retreats for the Organization.

See Independent Accountant's Review Report.

WARRIOR RANCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. Fair Value Measurements

The *Fair Value Measurement Topic 820* of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 – Observable inputs other than those included in level 1, such as quoted market prices for similar assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Significant unobservable inputs reflect management's own assumptions about the inputs used in determining the fair value.

Mutual Funds are held at Net Asset Value (NAV) – Valuations based on fair value using the NAV per share (or its equivalent) of such investment funds as a practicable expedient for fair value. The Organization has estimated the fair value of these funds by using the NAV provided by the fund's managers.

<u>Assets valued at NAV or Equivalent</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Money market funds	\$ 176	\$ 493
Equity funds	7,615	6,570
Fixed income funds	<u>4,549</u>	<u>3,793</u>
	<u>\$ 12,340</u>	<u>\$ 10,856</u>

The Organization's investments had a total returns of \$2,699 and (\$1,509) for the years ended December 31, 2023 and 2022 respectively. These returns are presented net of investment fees of \$215 and \$227 for the years ended December 31, 2023 and 2022 respectively.

5. Property and Equipment, Net

The Organization's property and equipment consisted of the following at:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Furniture and equipment	\$ 59,558	\$ 61,558
Buildings	35,204	11,649
Facility construction	<u>116,216</u>	<u>113,622</u>
	<u>\$ 210,978</u>	<u>\$ 186,829</u>
Accumulated depreciation	<u>(50,217)</u>	<u>(32,758)</u>
Property and equipment, net	<u>\$ 160,761</u>	<u>\$ 154,071</u>

Depreciation expense for the years ended December 31, 2023 and 2022 is \$20,986 and \$16,817, respectively.

See Independent Accountant's Review Report.

WARRIOR RANCH FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

6. Long Term Liabilities

Long term liabilities expected to be paid in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. In subsequent years, amortization reduces the value of the assets associated with the accrued liability.

Accrued long-term liabilities at December 31, 2023 and 2022 consisted of the Organizations commitment to Suffolk County Lease Commitment (Right to Use – see Note 11) in the amount of \$17,719 and \$32,084 respectively. At December 31, 2022 the Organization also had a commitment to John Deere Financial for the purchase of John Deere 2720 DOM MFWD Cut Tractor in the amount of \$11,710, of this \$9,276 was a long-term obligation (see note 12).

7. Board Support

During the year ended December 31, 2023, board members donated \$5,690 in cash for operating purposes and \$15,515 in donated services. For the year ended December 31, 2022, board members donated \$3,400 in cash for operating purposes and \$8,880 in donated services.

8. Functionalized Expenses

The financial statements report specific expenses categories attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated are marketing, horse care, occupancy, maintenance, and contributed facilities which are allocated based on estimated usage of services and facilities. The majority of other expenses can be directly identified to their specific function. Management and general expenses include those expenses that provide for the overall support and direction of the Organization. Fundraising expenses are costs related to the development and other fundraising efforts.

9. Non-cash In-Kind Contributions

The Organization's in-kind contributions consisted of the following for the years ended:

	December 31, 2023	December 31, 2022
	<u>Fair Value</u>	<u>Fair Value</u>
Capital improvements	\$ 10,157	\$ -
Equipment, materials and other expenses	<u>17,368</u>	<u>14,859</u>
Non-cash contributions	27,525	14,859
Donated services	<u>18,665</u>	<u>9,505</u>
Total	<u>\$ 46,190</u>	<u>\$ 24,364</u>

In-kind contributions were valued using estimated average U.S. prices of identical or similar products or services using pricing data of similar products or services under a 'like-kind' methodology, considering the utility of the services and goods at the time of the contribution. No in-kind contributions were restricted.

The Organization does not sell donated gifts in kind and only uses services, goods, and facilities for its program or supporting service activities. Unless restricted by the donor, the Organization utilizes in-kind contributions first for programs, second for facilities, and last for general and administrative purposes.

10. Board Designated Net Assets

The Organization's board requires \$10,000 in net assets without donor restrictions be held in savings for the care and feeding of each rescue horse owned. As of December 31, 2023, the Organization owned 3 horses for a total of \$30,000 designated for Horse Care.

See Independent Accountant's Review Report.



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NOTES TO FINANCIAL STATEMENTS

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11. County of Suffolk License Agreement

Effective October 15, 2019, the Organization entered into a 10-year license agreement to assist with the maintenance of, and act as custodian of, the property at 1179 Edwards Avenue, Calverton, New York, with the County of Suffolk (the "County") to operate and manage equine therapy programs for military veterans, first responders, and their families. The agreement is from October 15, 2019, through October 31, 2029, with two 5-year option periods to extend through October 2029, if desired by the Organization and at the sole discretion of the Commissioner of Suffolk County Department of Parks, Recreation and Conservation.

The Organization is directly responsible for a minimum of \$1,500 maintenance and upkeep expenses. Furthermore, the Organization is directly accountable for investing \$10,000 annually for the capital improvement of the property, totaling \$100,000 during the initial term of the agreement. The Organization must hold a \$10,000 "performance bond" until the \$100,000 in required capital improvements are made. In agreement with Suffolk County, the Organization meets this "performance bond" obligation by maintaining \$10,000 in a designated savings account.

During the fiscal years ended December 31, 2023 and 2022, Suffolk County recognized capital improvements made by the Organization in the amounts of \$23,555 and \$28,422, respectively.

Future minimum commitments for capital improvements under Suffolk County licensing agreement:

2024	\$ -
2025	-
2026	-
2027	-
2028	8,253
2029	<u>9,466</u>
	<u>\$ 17,719</u>

12. Loan Payable

In June 2022, the Organization applied for and received a loan of \$15,330 with a 6-year term at 4.9% annual interest for the purchase of a 2720 DOM MFWD Cut Tractor with payments of \$246 monthly commencing in July 2022. The note may be prepaid by the Organization at any time before maturity with no prepayment penalties. Details regarding this loan agreement follow below:

Original loan amount: \$15,330

Commencement date: June 2022

Fiscal Years

Ending

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,434	\$ 521	\$ 2,955
2025	2,557	398	2,955
2026	2,685	270	2,955
2027	2,820	135	2,955
2028	<u>1,214</u>	<u>16</u>	<u>1,230</u>
Total	<u>\$ 11,710</u>	<u>\$ 1,340</u>	<u>\$ 13,050</u>

13. Subsequent Events

Management has evaluated subsequent events through July 26, 2024, which is the date the financial statements were available to be issued.

See Independent Accountant's Review Report.