



**GIANT
STEPS**
Therapeutic
Equestrian Center

Giant Steps Therapeutic Equestrian Center, Inc.

*Financial Statements
and
Independent Auditor's Report
for the years ended June 30, 2022 and 2021*



PISENTI & BRINKER LLP
Certified Public Accountants & Advisors

Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities for the year ended June 30, 2022	4
Statement of Activities for the year ended June 30, 2021	5
Statement of Functional Expenses for the year ended June 30, 2022	6
Statement of Functional Expenses for the year ended June 30, 2021	7
Statements of Cash Flows	8
Notes to Financial Statements	9



Independent Auditor's Report

Board of Directors
Giant Steps Therapeutic Equestrian Center, Inc.
Santa Rosa, California

Opinion

We have audited the accompanying financial statements of Giant Steps Therapeutic Equestrian Center, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.



Santa Rosa, California
January 18, 2023

Giant Steps Therapeutic Equestrian Center, Inc.
Statements of Financial Position

June 30,	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 496,214	\$ 550,253
Pledges receivable	8,400	2,659
Accounts receivable	16,123	7,206
Total current assets	520,737	560,118
Non-current assets		
Long-term pledges receivable	6,000	8,000
Investments	2,569,228	2,837,287
Property, equipment and improvements, net	373,454	426,830
Total non-current assets	2,948,682	3,272,117
Total assets	\$ 3,469,419	\$ 3,832,235
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 9,653	\$ 450
Accrued liabilities	27,652	29,990
Accrued vacation	38,154	41,296
Deferred revenue	21,718	-
Total current liabilities	97,177	71,736
Net assets		
Without donor restrictions	3,356,586	3,749,840
With donor restrictions	15,656	10,659
Total net assets	3,372,242	3,760,499
Total liabilities and net assets	\$ 3,469,419	\$ 3,832,235

See accompanying Notes to Financial Statements

Giant Steps Therapeutic Equestrian Center, Inc.
Statement of Activities

Year Ended June 30, 2022

	Without Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Contributions	\$ 235,117	\$ 377,903	\$ 613,020
Program fees, net of discount	127,402	-	127,402
Special event revenue, net of \$74,099 of expenses	224,631	8,400	233,031
In-kind services and goods	11,902	-	11,902
Investment loss, net	(366,776)	-	(366,776)
Total revenues, gains and other support	232,276	386,303	618,579
Net assets released from restrictions:			
Satisfaction of purpose restrictions	376,647	(376,647)	-
Satisfaction of time restrictions	4,659	(4,659)	-
Total revenue, gains and other support	613,582	4,997	618,579
Expenses			
Program services	657,110	-	657,110
Fundraising	167,087	-	167,087
General and administrative	182,639	-	182,639
Total expenses	1,006,836	-	1,006,836
Change in net assets	(393,254)	4,997	(388,257)
Net assets at beginning of year	3,749,840	10,659	3,760,499
Net assets at end of year	\$ 3,356,586	\$ 15,656	\$ 3,372,242

See accompanying Notes to Financial Statements

Giant Steps Therapeutic Equestrian Center, Inc.
Statement of Activities

Year Ended June 30, 2021

	Without Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Contributions	\$ 1,220,253	\$ 217,223	\$ 1,437,476
Program fees, net of discount	62,615	-	62,615
Paycheck Protection Program loan forgiveness	102,800	-	102,800
Special event revenue, net of \$25,653 of expenses	217,497	-	217,497
In-kind services and goods	24,766	-	24,766
Investment income, net	475,982	-	475,982
Total revenues, gains and other support	2,103,913	217,223	2,321,136
Net assets released from restrictions:			
Satisfaction of purpose restrictions	206,564	(206,564)	-
Satisfaction of time restrictions	20,502	(20,502)	-
Total revenue, gains and other support	2,330,979	(9,843)	2,321,136
Expenses			
Program services	661,208	-	661,208
Fundraising	132,333	-	132,333
General and administrative	128,579	-	128,579
Total expenses	922,120	-	922,120
Change in net assets	1,408,859	(9,843)	1,399,016
Net assets at beginning of year	2,340,981	20,502	2,361,483
Net assets at end of year	\$ 3,749,840	\$ 10,659	\$ 3,760,499

See accompanying Notes to Financial Statements

Giant Steps Therapeutic Equestrian Center, Inc.
Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services	General and Administrative	Fundraising	Total
Payroll and payroll taxes	\$ 289,252	\$ 123,080	\$ 148,651	\$ 560,983
Rent	118,288	1,782	374	120,444
Depreciation expense	53,375	-	-	53,375
Veterinary services	47,139	-	-	47,139
Insurance	36,166	8,544	-	44,710
Supplies and equipment	27,447	3,813	5,988	37,248
Employee benefits	26,321	1,447	2,598	30,366
Legal and professional	2,792	24,650	425	27,867
Facility and horse management	19,784	-	-	19,784
Repairs and maintenance	17,651	1,551	-	19,202
Communications	6,084	1,662	-	7,746
Dues and subscriptions	2,765	360	2,500	5,625
Outside services	2,869	2,609	-	5,478
Service fees	2,692	2,438	253	5,383
Travel	2,475	1,337	1,200	5,012
Advertising and promotion	263	3,182	760	4,205
Printing and reproduction	475	2,167	1,478	4,120
Tax and license	420	256	1,870	2,546
Training and conference	749	1,190	-	1,939
Meals and entertainment	33	1,619	24	1,676
Postage and delivery	-	164	786	950
Meeting and expense	-	788	-	788
Recruitment	70	-	180	250
Total	\$ 657,110	\$ 182,639	\$ 167,087	\$ 1,006,836

See accompanying Notes to Financial Statements

Giant Steps Therapeutic Equestrian Center, Inc.
Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services	General and Administrative	Fundraising	Total
Payroll and payroll taxes	\$ 356,932	\$ 89,036	\$ 124,936	\$ 570,904
Facility and horse management	138,469	-	-	138,469
Insurance	50,753	5,836	4,923	61,512
Depreciation expense	55,324	-	-	55,324
Legal and professional	821	15,550	-	16,371
Supplies and equipment	11,143	3,604	594	15,341
Outside services	12,070	3,062	-	15,132
Rent	12,736	1,892	-	14,628
Repairs and maintenance	12,019	-	-	12,019
Communications	5,994	1,290	-	7,284
Loss on disposal of equipment	-	4,800	-	4,800
Training and conference	1,950	-	-	1,950
Postage and delivery	-	940	884	1,824
Dues and subscriptions	1,500	-	-	1,500
Travel	-	1,278	-	1,278
Service fees	813	74	307	1,194
Tax and license	498	400	20	918
Advertising and promotion	-	745	-	745
Printing and reproduction	-	-	638	638
Utilities	186	-	-	186
Meals and entertainment	-	72	31	103
Total	\$ 661,208	\$ 128,579	\$ 132,333	\$ 922,120

See accompanying Notes to Financial Statements

Giant Steps Therapeutic Equestrian Center, Inc.
Statements of Cash Flows

For the year ended June 30,	2022	2021
	Increase (decrease) in cash and cash equivalents	
Cash flows from operating activities		
Change in net assets	\$ (388,257)	\$ 1,399,016
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	53,376	55,324
Unrealized loss (gain) on investments	412,761	(439,112)
Forgiveness of Paycheck Protection Program loan	-	(102,800)
Loss on disposal of equipment	-	4,800
(Increase) decrease in operating assets:		
Prepaid expenses	-	3,097
Pledges receivable	(3,741)	9,843
Accounts receivable	(8,917)	(1,076)
Increase (decrease) in operating liabilities:		
Deferred revenue	21,718	-
Accrued liabilities	(2,338)	25,719
Accounts payable	9,203	(2,747)
Accrued vacation	(3,142)	7,448
Net cash provided by operating activities	90,663	959,512
Cash flows from investing activities		
Purchase of equipment	-	(6,536)
Net purchase of investments	(144,702)	(1,121,871)
Net cash used in investing activities	(144,702)	(1,128,407)
Net decrease in cash and cash equivalents	(54,039)	(168,895)
Cash and cash equivalents at beginning of year	550,253	719,148
Cash and cash equivalents at end of year	\$ 496,214	\$ 550,253

See accompanying Notes to Financial Statements

Note A. Nature of Activities

Giant Steps Therapeutic Equestrian Center, Inc. (the “Organization”) was incorporated in 1997 under the laws of the State of California for the charitable purpose of bringing the proven benefits of therapeutic horseback riding to physically, developmentally, and/or cognitively disabled individuals. The Organization has since added groundbreaking programming for individuals living with emotional disabilities. The Organization is open to people of all ages with disabilities who reside in the bay area counties. It is a Premier Accredited Center Member of the Professional Association of Therapeutic Horsemanship (“PATH”) which provides safety standards to its members. The Organization’s instructors are certified by PATH. The Organization’s support comes primarily from special events, individual donors’ contributions and private grants. The Organization receives no government funding.

Note B. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Cash and Cash Equivalents

Cash equivalents are considered to be short-term, highly liquid investments with original maturities of three months or less, except when a restriction is imposed which limits the investment's use to long-term. Cash is held in accounts at a financial institution, and cash balances may exceed the federally insured amounts during the year.

Pledges Receivable

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value which approximates fair 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 uncollectable 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 uncollectable. Management believes pledges receivables as of June 30, 2022 and 2021, will be fully collected. Accordingly, no allowance for doubtful receivables is recorded. At June 30, 2022 and 2021, management determined a discount to net present value is not material to the financial statements.

Note B. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable represent amounts billed but not yet collected. The Organization uses the allowance method to reserve for uncollectible accounts. Management periodically evaluates the allowance. As of June 30, 2022 and 2021, management determined that no material allowance was necessary. It is the Organization's policy to write-off uncollectible accounts receivable when management determines the receivable will not be collected.

Investments

Investments, which are comprised of mutual funds and exchange traded funds, are carried at fair value. Unrealized gains and losses are included in the statement of activities. Investment earnings restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the earnings are recognized.

Property, Equipment and Improvements

Property, equipment and improvements are stated at cost. Depreciation is computed under the straight-line method over the estimated useful lives of the assets, which range from 3 to 20 years. Leasehold improvements are depreciated using the straight-line method over the lesser of the estimated useful lives or the term of the lease agreement during the year of acquisition. Donated property is recorded at the estimated fair value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset 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 temporarily restricted. It is the Organization's policy to capitalize property and equipment over \$2,500.

Revenue Recognition and Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. The Organization reports gifts and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current year or is received with permanent donor restrictions. Conditional promises are not recognized until all conditions on which they depend are substantially met.

Note B. Summary of Significant Accounting Policies (continued)

Revenue Recognition and Contributions (continued)

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the year received. Many individuals volunteer their time and perform a variety of tasks that assist the Organization in support of its programs and fundraising activities; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated services provided by instructors and the farrier were valued at \$1,367 and \$10,535 for the year ended June 30, 2022, respectively. Donated services provided by instructors and the farrier were valued at \$1,240 and \$23,526 for the year ended June 30, 2021, respectively. These services are recognized in the statement of activities as in-kind services and goods.

The Organization recognizes revenue in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when or as performance obligations are satisfied

Program fee revenue is recognized as revenue at the time the classes are held. Fees are discounted for select individuals as determined based on need using the United States Department of Housing and Urban Development's definition of Median Family Income for Sonoma County. For the years ended June 30, 2022 and 2021, discounts amounted to \$103,511 and \$40,214, respectively, which are netted against program fees.

Net Assets

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization to meet the stipulations or that become unrestricted at the date specified by the donor or net assets subject to donor-imposed stipulations that are maintained permanently by the Organization. The income from these assets is available for either general operations or specific programs as specified by the donor.

Note B. Summary of Significant Accounting Policies (continued)

Net Assets (continued)

Net Assets Released from Restriction – Net assets with donor restrictions are released to net assets without donor restrictions when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Functional Expense Allocation

The Organization allocates operational costs between program services, general and administrative and fundraising by utilizing a cost allocation policy that is updated and reviewed annually. The Organization applies several methods for allocating costs. Expenses that can be identified with the program are charged directly to that program as direct costs. Costs common to multiple functions have been allocated among the various functions benefited on the basis of periodic time and effort. General and administrative expenses include those costs that are not directly identifiable with the program, but which provide for the overall support and direction of the Organization. These costs are allocated to the functions using a base that results in an equitable distribution. The allocation is reflected in the statements of functional expenses.

Income Taxes

The Organization is a nonprofit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701(d). However, the Organization is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption, commonly referred to as unrelated business income. No income tax provision has been recorded since management determined that the Organization had no unrelated business income.

The Organization determines whether its tax positions are "more-likely-than-not" to be sustained upon examination by the applicable taxing authority based on the technical merits of the positions. As of June 30, 2022 and 2021, the Organization has reviewed its tax positions and has concluded no reserve for uncertain tax positions is required. The Organization's exempt organization information returns are subject to review through three years after the date of filing for federal and four years after the date of filing for state.

Fair Value of Investments

The carrying amount of financial instruments, including cash, investments, receivables, accounts payable, accrued expenses and current maturities of long-term obligations, approximates fair value.

Note B. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support and expenses. The use of management's estimates primarily relates to the collectability of accounts and pledges receivable, depreciable lives of property, equipment and improvements, and indirect functional expense allocations. Actual results could differ from those estimates.

Future Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. This standard requires entities that lease assets to recognize on the statement of financial position, the assets and liabilities for the rights and obligations created by those leases. For nonpublic companies, the new guidance will be required for annual reporting periods beginning after December 15, 2021, and interim and annual reporting periods after those reporting periods. Nonpublic companies and organizations may elect early application, but no earlier than the effective date for public entities. The Organization is evaluating the impact of this standard on the financial statements.

Reclassification of Prior Year Amounts

Certain prior year amounts have been reclassified for consistency with the current year presentation. This reclassification had no effect on prior year net assets.

Note C. Fair Value Measurement

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Years Ended June 30, 2022 and 2021

Note C. Fair Value Measurement (continued)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The categorization of an investment within the hierarchy is based on the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment.

The Organization's mutual fund and exchange traded investments are considered Level 1 investments. The fair value of the mutual funds is determined by the published net asset value per unit at the end of the last trading day of the fiscal year, which is the basis for transactions at that date. The fair value of the exchange-traded funds is determined by the published closing price on the last business day of the fiscal year.

Note D. Liquidity

Financial assets are considered unavailable due to donor-imposed restrictions or when the governing board has set aside funds for internal designations. Amounts available include donor-restricted amounts that will meet time restrictions within the next twelve months from the statement of position date that do not have purpose restrictions. The Organization operates with a balanced budget and anticipates covering its general expenditures with existing working capital and by maintaining and expanding existing programs and relationships with funders who have provided donations without restrictions and are willing to provide multi-year grants.

The following reflects the Organization's financial assets reduced by amounts not available for general use within one year of the statement of financial position date:

Giant Steps Therapeutic Equestrian Center, Inc.
Notes to Financial Statements

Years Ended June 30, 2022 and 2021

Note D. Liquidity (continued)

As of June 30,	2022	2021
Cash and cash equivalents	\$ 496,214	\$ 550,253
Pledges receivable	8,400	2,659
Accounts receivable	16,123	7,206
Investments	2,569,228	2,837,287
	<u>3,089,965</u>	<u>3,397,405</u>
Less funds unavailable for general expenditure within one year due to:		
Donor imposed purpose restrictions	(1,256)	-
	<u>3,088,709</u>	<u>3,397,405</u>
Less funds unavailable to management without Board's approval	(2,569,228)	(2,837,287)
	<u>\$ 519,481</u>	<u>\$ 560,118</u>

Note E. Property, Equipment and Improvements

Property, equipment and improvements consist of the following:

As of June 30,	2022	2021
Leasehold improvements	\$ 987,285	\$ 987,285
Equipment	107,334	107,334
Website and software	51,792	51,792
Vehicles	50,897	50,897
Horses	31,660	31,660
	<u>1,228,968</u>	<u>1,228,968</u>
Total depreciable assets	1,228,968	1,228,968
Accumulated depreciation	(855,514)	(802,138)
	<u>\$ 373,454</u>	<u>\$ 426,830</u>

Depreciation expense for the years ended June 30, 2022 and 2021, amounted to \$53,375 and \$55,324 respectively.

Note F. Paycheck Protection Program Loan

In April 2020, the Organization received a loan pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (the "CARES Act") (P.L. 116-136) Paycheck Protection Program ("PPP") in the amount of \$102,800. The loan bore interest at 1% per annum and was to mature May 2022. Monthly required principal payments of \$5,789 were to commence December 2020 and continue through May 2022.

On November 2, 2020, the Organization received notification that the PPP loan was forgiven by the Small Business Administration. Therefore, the full amount of the loan was recognized as revenue during the year ended June 30, 2021.

Note G. Net Assets Classifications

All general operating revenues and expenses related to the program activities of the Organization are included in the change in net assets with donor restrictions. From time-to-time donations received without donor restrictions are designated by the Organization's board of directors as board designated funds. The board designated funds consist of funds with no donor or legal restrictions, but through board resolutions have been set aside for specific purposes. At June 30, 2022 and 2021, \$2,569,228 and \$2,837,287 of net assets are board-designated for operating reserves, respectively.

Net assets consist of the following as of June 30, 2022 and 2021:

As of June 30,	2022	2021
With donor restrictions:		
Time and purpose restricted, for periods after the years ended June 30, 2022 and 2021	\$ 15,656	\$ 10,659
Without donor restrictions:		
Designated by the Board for operating reserves	2,569,228	2,837,287
Undesignated	787,358	912,553
Total net assets without donor restrictions	3,356,586	3,749,840
Net assets	\$ 3,372,242	\$ 3,760,499

Years Ended June 30, 2022 and 2021

Note H. Operating Leases

The Organization has an operating lease for the riding facility which expires in May 2024. The Organization has a five year renewable option to extend the lease to May 2029. Lease payments commence at \$3,100 per month, increasing \$50 per month on each anniversary date of the lease up to \$3,250.

The Organization leases equipment with an annual payment of \$4,644, expiring in May 2024.

Future minimum rental payments are as follows:

Year ending June 30,		
2023	\$	42,494
2024		38,683
	\$	81,177

Note I. Subsequent Events

The Organization evaluated subsequent events as of January 18, 2023 the date which the financial statements were available to be issued.