

AHEAD With Horses, Inc.



Financial Statements
As of and for the Year Ended June 30, 2025

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AHEAD With Horses, Inc.

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**FOUMBERG, JUNEJA,
ROCHER & COMPANY**

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Independent Accountant's Review Report

To the Board of Directors
AHEAD With Horses, Inc.
Shadow Hills, California

We have reviewed the accompanying financial statements of AHEAD With Horses, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year 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 entity 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 presentation of these 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 Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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 AHEAD With Horses, 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.

Foumberg, Juneja, Rocher & Co., P.C.

Encino, California
December 19, 2025

Financial Statements

AHEAD With Horses, Inc.
Statement of Financial Position
June 30, 2025

Assets

Cash and cash equivalents	\$	9,711
Investments		63,958
Contributions and grants receivable		18,230
Prepaid expenses and other assets		14,942
Property and equipment		3,261
Land held for sale		910,000

Total Assets \$ 1,020,102

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$	7,955
Line of credit		50,616
Loan from related party		273,866

Total Liabilities 332,437

Net Assets

Without donor restrictions	687,665
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Total Net Assets 687,665

Total Liabilities and Net Assets \$ 1,020,102

See accompanying notes to financial statements.

AHEAD With Horses, Inc.
Statement of Activities
Year Ended June 30, 2025

		Without Donor Restrictions and Total
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Revenue and Support:		
Contributions and grants	\$	192,185
Event income - net		25,580
In-kind contributions		26,022
Program service fees		69,783
Employee retention tax credit		12,760
Investment income		9,231
<hr/>		
Total Revenue and Support		335,561
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Expenses:		
Program services		447,501
Management and general		35,043
Fundraising		9,096
<hr/>		
Total Expenses		491,640
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Change in Net Assets		(156,079)
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Net Assets, beginning of year		843,744
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Net Assets, end of year	\$	687,665
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AHEAD With Horses, Inc.
Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 107,082	\$ 22,610	\$ 6,826	\$ 136,518
Payroll taxes	10,173	3,633	727	14,533
Disposal costs	6,999	-	-	6,999
Farrier expenses	4,320	-	-	4,320
Feed and tack	18,924	-	-	18,924
Insurance	48,410	-	-	48,410
Interest expense	22,010	-	-	22,010
Loss on abandonment of project	148,067	-	-	148,067
Maintenance and repairs	1,291	-	-	1,291
Meeting and travel	1,460	-	-	1,460
Occupancy	44,246	-	-	44,246
Office expense	21,874	-	1,543	23,417
Professional fees	-	8,800	-	8,800
Veterinarian	11,757	-	-	11,757
Depreciation	888	-	-	888
Total Expenses	\$ 447,501	\$ 35,043	\$ 9,096	\$ 491,640

See accompanying notes to financial statements.

AHEAD With Horses, Inc.
Statement of Cash Flows
Year Ended June 30, 2025

Cash flows from operating activities	
Change in net assets	\$ (156,079)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	888
Realized and unrealized gains and losses on investments	(5,567)
Loss on abandonment of project	126,429
Changes in operating assets and liabilities:	
Contributions and grants receivable	(13,470)
Prepaid expenses and other assets	(497)
Accounts payable	<u>(2,741)</u>
Net cash provided (used) by operating activities	<u>(51,037)</u>
Cash flows from investing activities	
Proceeds from sale of investments	<u>30,081</u>
Net cash provided by investing activities	<u>30,081</u>
Cash flows from financing activities	
Repayment of line of credit	(40)
Repayment of loan	<u>(5,401)</u>
Net cash (used) in financing activities	<u>(5,441)</u>
Net change in cash	(26,397)
Cash – beginning of year	<u>36,108</u>
Cash – end of year	\$ <u>9,711</u>
Supplemental disclosure	
Interest paid	\$ 22,010

See accompanying notes to financial statements.

AHEAD With Horses, Inc.
Notes to Financial Statements
Year Ended June 30, 2025

NOTE 1. ORGANIZATION

AHEAD With Horses, Inc. (the "Organization") is a not-for-profit organization organized under the laws of the State of California. The Organization was founded in 1968 and provides a therapeutic and developmental riding program for the disabled which serves approximately 50 individuals with disabilities each month in the County and City of Los Angeles.

In December 2017, the Organization purchased land with the objective of developing the property for future operations. During the year ended June 30, 2025, management determined that it was no longer feasible to proceed with development of the property due to prolonged permitting delays. As a result, the Organization discontinued the development project and placed the land for sale in February 2025. This decision resulted in the recognition of an impairment loss related to previously capitalized site development costs, which contributed to the operating loss reported for the year ended June 30, 2025.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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.

Net Asset Classification

To ensure observance of certain constraints and restrictions placed on the use of resources, The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets without Donor Restrictions: Net assets without donor restrictions are available for use at the discretion of the Board of Directors and management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. No such designations existed on June 30, 2025.

Net Assets with Donor Restrictions: Net assets with donor restrictions consists of assets whose use is limited by donor imposed, time and/or purpose restrictions. The Organization reports cash or other assets received as revenues with donor restrictions 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 a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restriction. No such net assets with donor restrictions existed as of and for the year ended June 30, 2025.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, The Organization considers all highly liquid debt instruments purchased with initial maturities of three months or less to be cash equivalents.

Investments

Purchased investments are carried at their fair market values in the statements of financial position. Donated investments are recorded at fair value at the date of donation. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, and less-related investment advisory fees.

AHEAD With Horses, Inc.
Notes to Financial Statements
Year Ended June 30, 2025

Revenue Recognition

Contributions and grants, including any unconditional promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate class of net assets. Conditional promises to give and grants are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Contributions receivable are recorded at the net present value of cash expected to be received.

Event income is presented on the statement of financial position net of direct event expenses. For the year ended June 30, 2025, gross event income was \$38,150 and direct event expenses were \$12,570, net \$25,580. Event income is recognized when the event occurs.

Program service revenue represents fees charged for riding lessons and is recognized when the lesson takes place.

Employee Retention Credit

Under the subsequent extension of the CARES Act, Ahead With Horses, Inc. was eligible for a refundable employee retention credit (ERC) subject to certain criteria. During the year ended June 30, 2025, the Organization received an employee retention credit for \$12,760 and this amount was included in revenue and support on the statement of activities.

In-Kind Contributions

In-kind contributions consist potentially of contributed services and donated materials.

Contributed services are recorded at fair value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended June 30, 2025, the Organization received donated sanitation services of \$1,658, donated massage therapy services for the horses of \$1,800, and donated use of a horse for lessons valued at \$10,000.

The Organization records donated materials at fair value at the date of the donation and when an objective basis is available. During the year ended June 30, 2025 the Organization received \$12,564 worth of supplies, food, and boarding for horses. The fair value of these donations was estimated by management based on research from publicly available sources of the amounts the Organization would have paid for such goods, but for the donation.

Property and Equipment

Property and equipment are recorded at cost if purchased or at estimated fair value on the date of donation if donated. The Organization capitalizes all expenditures for property and equipment in excess of \$2,000. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	5 years
Improvements	15 years
Vehicles	5 years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment when events or changes in circumstances indicate that the asset may no longer provide future service potential. Assets that are abandoned or no longer expected to be used are written off in the period such

AHEAD With Horses, Inc.

Notes to Financial Statements

Year Ended June 30, 2025

determination is made.

During the year ended June 30, 2025, management determined that certain capitalized site development costs were impaired due to the decision to discontinue development of land that was listed for sale in February 2025. Accordingly, an impairment loss of \$148,067 was recognized and included in program service expenses in the accompanying statement of activities.

Concentrations of Business and Credit Risk

The Organization's cash and cash equivalents are maintained at a financial institution. The Organization has potential exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by Federal Deposit insurance. Management believes the Organization's credit risk with respect to this item is not significant since the Organization does not maintain balances in excess of this limit.

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could affect the amounts reported in the accompanying financial statements. In addition, 100% of the investments of the Organization is invested in one company's stock at June 30, 2025. This concentration tends to increase the market risk of investments

Credit risk associated with receivables is considered to be limited due to high historic collection rates and the excellent relationships the Organization has with the entities and individuals with which the Organization has receivable balances.

Fair Value Measurements

Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements, 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

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 or 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.

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

AHEAD With Horses, Inc.
Notes to Financial Statements
Year Ended June 30, 2025

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Functional Allocation of Expenses

The costs of the program and supporting services have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses that are identified with a specific program or support service are charged directly to the appropriate function. The two largest such expenses is insurance and occupancy, which are considered program costs. Other costs are shared costs and have been allocated among the programs and supporting services benefited on management's estimate of the relative effort expended for the related functions. The largest such expense allocated using this methodology is salaries expense.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an Organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt Organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States can require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

NOTE 3. INVESTMENTS

Investments at June 30, 2025 comprised the following, presented by level within the fair value hierarchy:

Asset Class	At Fair Value			Total
	Level 1	Level 2	Level 3	
Equities	\$ 63,958	\$ -	\$ -	\$ 63,958

Investment income for the year ended June 30, 2025 comprised the following:

Dividends received	\$	3,664
Unrealized gain on investments		5,567
Total investment income (loss)	\$	9,231

AHEAD With Horses, Inc.
Notes to Financial Statements
Year Ended June 30, 2025

NOTE 4. PROPERTY AND EQUIPMENT, LAND SITE DEVELOPMENT COSTS

Property and equipment at June 30, 2025 comprised the following:

Furniture and equipment	38,201
Leasehold improvements	9,987
Vehicles	<u>49,548</u>
Total cost of property and equipment	117,736
Less accumulated depreciation	<u>(94,475)</u>
Property and equipment - net	\$ <u>3,261</u>

Depreciation expense for the year ended June 30, 2025, was \$888.

Land and site development costs

In December 2017, The Organization purchased land for \$910,000 for the purpose of relocating its operations. The Organization was developing this site until February 2025. Total accumulated site development costs as of February 28, 2025, were \$148,067. Due to continued unforeseen delays in obtaining permits, exacerbated by the COVID Pandemic, the decision was made to place the land for sale and has been listed since February 2025. The site development costs were written off at that time.

Horses

As of June 30, 2025, the Organization owned seven horses and ponies that are integral to the operation of its therapeutic riding program. No value is reported in the accompanying financial statements for the donated horses, as management has determined that assigning a reliable value is not practicable and no residual or salvage value is expected. During the year, the Organization received two donated horses.

NOTE 5. LINE OF CREDIT

The Organization has a \$50,000 revolving line of credit with a bank. Monthly interest payments are due at the bank's prime rate plus 7%, 14.50% at June 30, 2025. The line is secured by the general assets of the Organization and as of June 30, 2025, the outstanding balance on this line of credit was \$50,616, which includes accrued interest.

NOTE 6. RELATED PARTY TRANSACTIONS

On December 16, 2019, The Organization obtained a loan from a Board Member. The Organization is responsible for making principal and interest payments on the note. The note is for \$300,000 at a rate of 5.27% and matures on November 25, 2049. Monthly principal and interest payments are \$1,666. The balance of the loan payable of June 30, 2025, was \$273,866.

AHEAD With Horses, Inc.
Notes to Financial Statements
Year Ended June 30, 2025

Principal payment for future years is as follows:

Year ended June 30			
2026	\$	5,693	
2027		6,000	
2028		6,324	
2029		6,666	
2030		7,026	
Thereafter		<u>242,157</u>	
 Total	 \$	 <u>273,866</u>	

The loan is expected to be repaid in full upon the sale of the land described in Note 4.

NOTE 7. LEASES

The Organization rents its facilities in Shadow Hills, California from a former Board Member. On July 1, 2018, The Organization entered into a 1-year lease agreement with this former Board Member for \$3,300 per month. The lease term matured on June 30, 2019 and the lease is currently month to month.

NOTE 8. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization monitors its financial assets available for expenditures within one year of the balance sheet date on a quarterly basis. As of June 30, 2025, the balance available is as follows:

Cash and cash equivalents	\$	9,711	
Investments		63,958	
Contributions and grants receivable		<u>18,230</u>	
 Total financial assets and financial assets available to meet cash needs for general expenditures within one year	 \$	 <u>91,899</u>	

As part of the Organization's liquidity management the Organization prepares semi-annual cash requirement projections which are used to ensure that needed balances are liquid and available for payment of general expenses in the near term. In addition, The Organization employs an annual budgeting process and strategic planning process to ensure the Organization will continue to be poised to have funds available to pay general expenses in the long term.

NOTE 9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 19, 2025, which is the date the financial statements were available to be issued.