

**FINANCIAL STATEMENTS**  
**AUGUST 31, 2024 AND 2023**  
**EQUUS FOUNDATION, INC.**  
**WESTPORT, CT**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
EQUUS Foundation, Inc.  
Westport, CT

### **Opinion**

We have audited the accompanying financial statements of EQUUS Foundation, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of August 31, 2024 and 2023 (restated), and the related statements of activities, functional expenses, and cash flows for the years 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 the Organization as of August 31, 2024 and 2023 (restated), and the changes in its net assets 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The financial statements of the Organization as of August 31, 2023 (restated) were audited by other auditors whose report dated February 15, 2024 expressed an unmodified opinion on those statements.

### **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 available to be issued.

### **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 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 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.

*Turner & Associates, LLP*

Weston, Florida  
December 20, 2024

EQUUS FOUNDATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 AUGUST 31, 2024 and 2023 (restated)

ASSETS

	August 31	
	2024	2023 (restated)
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 300,494	\$ 332,866
Investments	653,846	585,273
Accounts receivable	41,035	8,855
Prepaid expenses	4,843	8,848
Total Current Assets	1,000,218	935,842
Total Assets	\$ 1,000,218	\$ 935,842

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Grants payable	\$ 226,725	\$ 242,165
Accounts payable and accrued expenses	23,856	16,867
Total Current Liabilities	250,581	259,032
<b>NET ASSETS</b>		
Without donor restrictions	749,637	676,810
With donor restrictions	-	-
	749,637	676,810
Total Liabilities and Net Assets	\$ 1,000,218	\$ 935,842

EQUUS FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2024  
(with comparative totals for 2023 (restated))

	Without Donor Restrictions	With Donor Restrictions	August 31	
			2024	2023 (restated)
<b>REVENUES, SUPPORT, AND GAINS</b>				
Donations and grants	\$ 618,924	\$ -	\$ 618,924	\$ 517,348
In-kind contributions	-	282,793	282,793	290,830
Investment income, net	35,770	-	35,770	25,877
Net realized/unrealized gain (loss) on investments	35,778	-	35,778	12,340
Gross special events	21,670	-	21,670	69,775
Less cost of direct benefit to donors	(16,403)	-	(16,403)	(40,703)
Net special events revenue	5,267	-	5,267	29,072
Release from restrictions	282,793	(282,793)	-	-
<b>Total Revenues</b>	<b>978,532</b>	<b>-</b>	<b>978,532</b>	<b>875,467</b>
<b>EXPENSES</b>				
Program services:				
Awards of donated inventory	282,793	-	282,793	290,039
Awards and scholarships	331,905	-	331,905	275,015
Other program related expenses	186,060	-	186,060	161,381
Program services:				
Management and general	31,534	-	31,534	28,615
Fundraising	73,413	-	73,413	81,147
<b>Total Expenses</b>	<b>905,705</b>	<b>-</b>	<b>905,705</b>	<b>836,197</b>
<b>CHANGE IN NET ASSETS</b>	<b>72,827</b>	<b>-</b>	<b>72,827</b>	<b>39,270</b>
Prior Period Adjustment	-	-	-	(267,087)
<b>NET ASSETS, beginning of year</b>	<b>676,810</b>	<b>-</b>	<b>676,810</b>	<b>904,627</b>
<b>NET ASSETS, end of year</b>	<b>\$ 749,637</b>	<b>\$ -</b>	<b>\$ 749,637</b>	<b>\$ 676,810</b>

EQUUS FOUNDATION, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
YEAR ENDED AUGUST 31, 2024  
(with comparative totals for 2023 (restated))

FUNCTIONAL EXPENSES	August 31				
	Program	Management and General	Fundraising	2024	2023 (restated)
Awards of donated inventory	\$ 282,793	\$ -	\$ -	\$ 282,793	\$ 290,039
Awards and scholarships	331,905	-	-	331,905	275,015
Communication and education	33,987	-	-	33,987	26,486
Management and staffing fees	139,580	7,540	49,683	196,803	178,036
Occupancy	3,500	1,500	5,000	10,000	10,000
Campaign expenses	-	-	11,407	11,407	19,096
Media and publicity	6,250	-	6,250	12,500	12,500
Professional fees	-	19,838	-	19,838	16,993
Insurance	-	1,168	-	1,168	2,557
Office expenses	2,743	1,488	1,073	5,304	5,475
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 800,758</b>	<b>\$ 31,534</b>	<b>\$ 73,413</b>	<b>\$ 905,705</b>	<b>\$ 836,197</b>

EQUUS FOUNDATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31, 2024 and 2023 (restated)

	August 31	
	2024	2023 (restated)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ 72,827	\$ 39,270
Adjustments to reconcile the change in net assets to net cash from (used for) operating activities:		
Awards of donated in-kind equestrian supplies	282,793	291,039
In-kind donations	(282,793)	(291,830)
Realized/unrealized investment (gains) losses	(35,778)	(12,340)
Change in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(32,180)	1,050
Prepaid expenses	4,005	(4,652)
Increase (Decrease) in:		
Grants payable	(15,440)	130
Accounts payable and accrued expenses	6,989	(8,527)
Net Change in Operating Activities	423	14,140
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Proceeds from matured Treasury bills	616,000	365,435
Purchases of investments	(648,795)	(662,692)
Net Change in Investing Activities	(32,795)	(297,257)
Net Change in Cash and Cash Equivalents	(32,372)	(283,117)
CASH AND CASH EQUIVALENTS, beginning of year	332,866	615,983
CASH AND CASH EQUIVALENTS, end of year	\$ 300,494	\$ 332,866
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
In-kind donations	\$ 282,793	\$ 290,830
Awards of donated inventory	282,793	290,039

## Note 1 – Nature of Organization

EQUUS Foundation, Inc. (the Organization) was incorporated under the laws of the State of Connecticut in 2002 and operates as a publicly supported nonprofit organization under the DBA of Horse Charities of America. The mission is to protect America's horses and strengthen the horse-human bond.

## Note 2 – Summary of Significant Accounting Policies

### Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other liabilities.

### Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**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. These net assets may be used at the discretion of the Organization's management and the board of directors.

**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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

### Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management may make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the revenue and expenses during the reported periods. Accordingly, actual results could differ from those estimates.

### Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. There is no restricted cash or cash equivalent at year-end.

### Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by them to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. To date, the Organization has not experienced losses in any of these accounts.

Credit risk associated with accounts receivable and promises to give is limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, individual donors, and foundations supportive of our mission. Investments are made by investment managers whose performance is monitored by us and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

### Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net



## **Note 2 – Summary of Significant Accounting Policies (Continued)**

### **Investments (Continued)**

investment income/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

### **Accounts Receivables**

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes that the historical loss information that they have compiled is a reasonable basis for determining that no allowance or expected credit revenue is required for accounts receivable held at August 31, 2024 and 2023 (restated).

### **Property, Equipment and Depreciation**

The expenditures for property and equipment are capitalized at cost. Donated assets are capitalized at their fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. As of August 31, 2024 and 2023 (restated), there is no property and equipment balance.

### **Right of Use Leased Assets and Liabilities**

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases. At year-end there are no leases outstanding.

### **Revenue and Revenue Recognition**

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

### **Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 restrictions.

### **In-kind Donations and Services**

Contributed nonfinancial assets include donated equestrian related clothing and equipment which are used to carry out the Rider's Closet's mission of ensuring that riding apparel is accessible to scholastic riding programs, pony clubs, therapeutic and veterans' programs, equine charities, equestrian camp programs, and individual riders in need. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

## Note 2 – Summary of Significant Accounting Policies (Continued)

### Special Event and Fundraising

The Organization conducts special and fundraising events in which a portion of the proceeds paid by the participant represent payment for the direct cost benefits received by the participant at the event – the exchange component, and a portion represent a contribution to the Organization. The fair value of meals and entertainment provided at these events are measured at actual cost to the Organization and is recognized when the event takes place. The contribution portion is the excess of the gross revenue over the fair value of the direct donor benefit and is recognized immediately, unless there is a right of return if the event does not take place.

### Grants

The Organization recognizes grants as expenses at the time recipients are entitled to receive them. Generally, this occurs when the board of directors approves a specific grant, or when management, pursuant to grant-authorization policies established by the board of directors, approves a grant. Unconditional grants approved but not yet disbursed are reported as grants payable in the statement of financial position. Conditional grants approved but contingent will be considered unconditional when the conditional requirement is met.

### Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Staffing/Management fees	Percentage of time spent
Occupancy	Percentage of square footage
Allocated administrative expenses	Percentage of time spent

### Income taxes

The Organization has been classified by the Internal Revenue Service as a publicly supported tax-exempt charity pursuant to IRC Section 501 (c) (3) and as a not-for-profit corporation under the laws of the State of Connecticut. Accordingly, no provision for Federal or State income taxes is required. As of August 31, 2024, no amounts have been recognized for uncertain income tax positions. The Organization's tax returns for the year 2020 and forward are subject to the usual review by the appropriate taxing authorities

### Reclassifications and Adjustment of Prior Period

Certain reclassifications and adjustment have been made to the prior year's financial statements in order for them to conform with the current year's presentation. In 2024, the Organization determined that donated equestrian-related clothing and equipment should not be capitalized as inventory since it is neither intended for sale nor to be stored long-term. The Rider's program mission is to give away these equestrian items.

During 2023 (restated), the Organization adjusted net assets by \$267,087 for this change.

### Summarized Financial Information for 2023

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended August 31, 2023, from which the summarized information was derived.

### Recent accounting pronouncements

Financial statements will not be materially affected by the adoption of accounting standards issued or proposed by the FASB or other standards-setting bodies.

EQUUS FOUNDATION, INC.  
Notes to the Financial Statements  
August 31, 2024 and 2023 (restated)

**Note 3 – Availability and Liquidity**

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

	August 31	
	2024	2023 (restated)
Cash and cash equivalents	\$ 300,494	\$ 332,866
Investments	653,846	585,273
Accounts receivable	41,035	8,855
Total Financial Assets	\$ 995,375	\$ 926,994
Less financial assets not available to be used within one year:		
Financial assets with donor restriction	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 995,375	\$ 926,994

The Organization maintains financial assets to meet operating expenses. As part of its liquidity plan, excess cash, if any, is invested in short-term investments, including money market accounts and mutual funds and ETF's.

**Note 4 – Investments and Fair Value Measurements**

Fair values for investments are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information. There were no changes in valuation techniques in the year ended August 31, 2024. The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the year ended August 31, 2024.

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes 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 below:

**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 by other means.

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

The Organization's investments consist solely of level one investments and comprise the following as of August 31, 2024 and 2023 (restated):

	2024	
Category	Total Fair Value	Cost
Mutual funds	\$ 31,837	\$ 35,277
Bonds	387,356	382,132
Equity ETF's	234,653	200,476
Total	\$ 653,846	\$ 617,885

EQUUS FOUNDATION, INC.  
Notes to the Financial Statements  
August 31, 2024 and 2023 (restated)

**Note 4 – Investments and Fair Value Measurements (Continued)**

2023

Category	Total Fair Value	Cost
Mutual funds	\$ 29,025	\$ 33,378
Bonds	405,847	400,717
Equity ETF's	150,401	150,995
Total	\$ 585,273	\$ 585,090

The relationship between carrying values and fair values of investments as of August 31, 2024 and 2023 (restated), is as follows:

2024

Category	Carrying Value	Fair Value	Unrealized Gain (losses)
Balance, beginning of year	\$ 585,090	\$ 585,273	\$ 183
Balance, end of year	617,885	653,846	35,961
Change in unrealized gains/(losses)			\$ 35,778

2023

Category	Carrying Value	Fair Value	Unrealized Gain (losses)
Balance, beginning of year	\$ 305,226	\$ 275,676	\$ (29,550)
Balance, end of year	585,090	585,273	183
Change in unrealized gains/(losses)			\$ 29,733

**Note 5 – Net Assets**

Net assets are as follows:

	August 31	
	2024	2023 (restated)
With Donor Restrictions -		
Specific Purpose		
Rider's Closet	\$ -	\$ -
Without Donor Restrictions -		
Undesignated	\$ 749,637	\$ 676,810
Net assets released from restrictions -		
Specific Purpose		
Rider's Closet	\$ 282,793	\$ 290,039

**Note 6 – Grants Payable**

Grants payable totaled \$226,725 and \$242,165 as of August 31, 2024 and 2023 (restated), respectively. As of August 31, 2024, based on the specific grant agreements, grants payable are all expected to be paid in the following year.

**Note 7– Related Party Transactions**

Members of the Board of Directors have provided financial support to the Organization in the amounts of \$30,000 and \$38,802 for the years ended August 31, 2024 and 2023, (restated), respectively.

**Note 8 – Subsequent Events**

The Company has evaluated subsequent events from the date of the Statement of Financial Position through December 20, 2024, the date at which the financial statements were available to be issued.