

# **Colorado Horse Rescue**

(a nonprofit Colorado corporation)

## **Financial Statements**

June 30, 2025 and 2024

# Colorado Horse Rescue

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## **Independent Auditor's Report**

To the Board of Directors  
Colorado Horse Rescue  
Longmont, Colorado

### **Opinion**

We have audited the financial statements of Colorado Horse Rescue (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of Colorado Horse Rescue as of June 30, 2025 and 2024, 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 audits 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 Colorado Horse Rescue and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the 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 these 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 Colorado Horse Rescue's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Independent Auditor's Report (continued)

### **Auditor's Responsibility 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 Colorado Horse Rescue'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 Colorado Horse Rescue'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.

*Brock and Company, CPAs, P.C.*

Certified Public Accountants

Boulder, Colorado  
February 26, 2026

# Colorado Horse Rescue

## Statements of Financial Position

June 30	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,223,017	\$ 416,733
Investments	4,612,766	3,812,366
Inventories	56,293	52,877
Prepaid expenses	16,724	41,687
Security deposit	8,687	-
Total current assets	<u>5,917,487</u>	<u>4,323,663</u>
<b>Property and Equipment</b>		
Land and buildings	1,429,822	1,386,761
Equipment	201,246	175,424
Vehicles	162,749	162,749
	<u>1,793,817</u>	<u>1,724,934</u>
Less accumulated depreciation	(873,440)	(804,246)
Net property and equipment	<u>920,377</u>	<u>920,688</u>
<b>Other Assets</b>		
Software, net of accumulated amortization	208,254	263,789
Right-of-use operating lease asset	7,286	9,550
Total other assets	<u>215,540</u>	<u>273,339</u>
Total assets	<u>\$ 7,053,404</u>	<u>\$ 5,517,690</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 36,469	\$ 17,932
Accrued compensation and benefits	26,875	48,818
Current maturities of operating lease obligation	2,380	2,264
Total current liabilities	<u>65,724</u>	<u>69,014</u>
<b>Long-Term Liabilities</b>		
Operating lease obligation, net of current maturities	4,906	7,286
Total liabilities	<u>70,630</u>	<u>76,300</u>
<b>Net Assets</b>		
Without donor restrictions	6,972,831	5,422,971
With donor restrictions	9,943	18,419
Total net assets	<u>6,982,774</u>	<u>5,441,390</u>
Total liabilities and net assets	<u>\$ 7,053,404</u>	<u>\$ 5,517,690</u>

The accompanying Notes are an integral part of these financial statements

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# Colorado Horse Rescue

## Statement of Activities

Year ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Support and Revenue</b>			
<b>Operating Support</b>			
Grants and contributions	\$ 2,889,656	\$ -	\$ 2,889,656
Special events, net	344,414	-	344,414
In-kind contributions	67,610	-	67,610
Net assets released from restrictions			
Satisfaction of program restrictions	8,476	(8,476)	-
Total operating support	<u>3,310,156</u>	<u>(8,476)</u>	<u>3,301,680</u>
<b>Operating Revenue</b>			
Adoption fees	43,000	-	43,000
Surrender fees	9,791	-	9,791
Merchandise sales, net	136	-	136
Other program revenue	1,225	-	1,225
Total operating revenue	<u>54,152</u>	<u>-</u>	<u>54,152</u>
 Total operating support and revenue	<u>3,364,308</u>	<u>(8,476)</u>	<u>3,355,832</u>
<b>Operating Expenses</b>			
Program services	1,665,996	-	1,665,996
Supporting services			
General and administrative	97,584	-	97,584
Fundraising	391,600	-	391,600
Total operating expenses	<u>2,155,180</u>	<u>-</u>	<u>2,155,180</u>
 Total operating support and revenue in excess (deficit) of operating expenses	1,209,128	(8,476)	1,200,652
<b>Other Changes</b>			
Net investment income	340,732	-	340,732
<b>Change in Net Assets</b>	1,549,860	(8,476)	1,541,384
<b>Net Assets, Beginning of Year</b>	<u>5,422,971</u>	<u>18,419</u>	<u>5,441,390</u>
<b>Net Assets, End of Year</b>	<u>\$ 6,972,831</u>	<u>\$ 9,943</u>	<u>\$ 6,982,774</u>

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part of these financial statements

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# Colorado Horse Rescue

## Statement of Activities

Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support and Revenue</b>			
<b>Operating Support</b>			
Grants and contributions	\$ 1,243,278	\$ -	\$ 1,243,278
Special events, net	306,929	-	306,929
In-kind contributions	86,790	-	86,790
Net assets released from restrictions			
Satisfaction of program restrictions	11,436	(11,436)	-
Total operating support	<u>1,648,433</u>	<u>(11,436)</u>	<u>1,636,997</u>
<b>Operating Revenue</b>			
Adoption fees	77,518	-	77,518
Surrender fees	9,704	-	9,704
Education clinics	1,357	-	1,357
Merchandise sales, net	1,157	-	1,157
Other program revenue	2,290	-	2,290
Total operating revenue	<u>92,026</u>	<u>-</u>	<u>92,026</u>
 Total operating support and revenue	<u>1,740,459</u>	<u>(11,436)</u>	<u>1,729,023</u>
<b>Operating Expenses</b>			
Program services	1,433,954	-	1,433,954
Supporting services			
General and administrative	124,319	-	124,319
Fundraising	325,852	-	325,852
Total operating expenses	<u>1,884,125</u>	<u>-</u>	<u>1,884,125</u>
 Total operating expenses in excess of operating support and revenue	(143,666)	(11,436)	(155,102)
<b>Other Changes</b>			
Net investment income	394,946	-	394,946
<b>Change in Net Assets</b>	251,280	(11,436)	239,844
<b>Net Assets, Beginning of Year</b>	<u>5,171,691</u>	<u>29,855</u>	<u>5,201,546</u>
<b>Net Assets, End of Year</b>	<u>\$ 5,422,971</u>	<u>\$ 18,419</u>	<u>\$ 5,441,390</u>

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part of these financial statements

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# Colorado Horse Rescue

## Statement of Functional Expenses

Year ended June 30, 2025

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 789,783	\$ 30,826	\$ 242,356	\$ 1,062,965
Employee benefits	152,739	5,962	46,870	205,571
Payroll taxes	62,637	2,445	19,221	84,303
Total personnel costs	<u>1,005,159</u>	<u>39,233</u>	<u>308,447</u>	<u>1,352,839</u>
Equine management and training	349,054	-	-	349,054
Depreciation and amortization	112,256	6,237	6,236	124,729
Information technology	72,841	8,697	27,180	108,718
Insurance	39,539	2,197	2,197	43,933
Professional fees	-	29,866	-	29,866
Repairs and maintenance	22,048	1,225	1,225	24,498
Occupancy	13,534	528	4,153	18,215
Office expenses	11,809	461	3,624	15,894
Other farm management	14,893	-	-	14,893
Marketing	6,522	1,449	6,522	14,493
Development expenses	-	-	11,355	11,355
Bank and credit card fees	960	1,920	6,722	9,602
Telephone and internet	5,811	227	1,783	7,821
Meetings and staff expenses	4,772	186	1,465	6,423
Contract services	356	-	5,630	5,986
Licenses and fees	2,565	2,308	256	5,129
Printing and postage	620	1,241	4,343	6,204
Dues and subscriptions	1,750	1,750	-	3,500
Miscellaneous expenses	1,507	59	462	2,028
Total operating expenses	<u>\$ 1,665,996</u>	<u>\$ 97,584</u>	<u>\$ 391,600</u>	<u>\$ 2,155,180</u>

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# Colorado Horse Rescue

## Statement of Functional Expenses

Year ended June 30, 2024

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 621,143	\$ 24,021	\$ 126,213	\$ 771,377
Employee benefits	133,208	5,151	27,067	165,426
Payroll taxes	57,300	2,216	11,643	71,159
Total personnel costs	811,651	31,388	164,923	1,007,962
Equine management and training	421,055	-	-	421,055
Contract services	6,987	-	110,357	117,344
Depreciation and amortization	75,158	4,175	4,175	83,508
Professional fees	-	48,041	-	48,041
Insurance	23,005	20,704	2,300	46,009
Information technology	20,277	2,421	7,566	30,264
Occupancy	13,527	1,615	5,048	20,190
Repairs and maintenance	16,377	910	910	18,197
Other farm management	16,282	-	-	16,282
Development expenses	-	-	12,788	12,788
Office expenses	8,401	1,003	3,135	12,539
Marketing	2,316	5,212	4,054	11,582
Licenses and fees	4,902	4,412	490	9,804
Meetings and staff expenses	5,513	658	2,057	8,228
Telephone and internet	5,074	606	1,893	7,573
Bank and credit card fees	642	1,283	4,492	6,417
Dues and subscriptions	1,400	1,400	-	2,800
Miscellaneous expenses	1,214	145	452	1,811
Printing and postage	173	346	1,212	1,731
Total operating expenses	\$ 1,433,954	\$ 124,319	\$ 325,852	\$ 1,884,125

The accompanying Notes are an integral part of these financial statements

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# Colorado Horse Rescue

## Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended June 30	2025	2024
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 1,541,384	\$ 239,844
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	124,729	83,508
Amortization of right-of-use operating lease asset	2,264	2,154
Net realized gain on investments	(134,709)	(73,514)
Net unrealized gain on investments	(113,328)	(235,183)
Increase (decrease) from changes in assets and liabilities		
Inventories	(3,416)	(23,655)
Prepaid expenses	24,963	(13,786)
Security deposits	(8,687)	-
Accounts payable	18,537	(997)
Accrued compensation and benefits	(21,943)	28,034
Operating lease obligation	(2,264)	(2,154)
Net cash provided by operating activities	<u>1,427,530</u>	<u>4,251</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of investments	(7,211,414)	(4,597,714)
Proceeds from sale of investments	6,659,051	4,752,988
Purchases of property, equipment and software	(68,883)	(329,405)
Net cash used by investing activities	<u>(621,246)</u>	<u>(174,131)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>806,284</b>	<b>(169,880)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b><u>416,733</u></b>	<b><u>586,613</u></b>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 1,223,017</u></b>	<b><u>\$ 416,733</u></b>

The accompanying Notes are an integral  
part of these financial statements

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# Colorado Horse Rescue

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 1 – Nature of Organization and Significant Accounting Policies

*Nature of Organization.* Colorado Horse Rescue (the Organization) is a Colorado non-profit corporation established in September 1988. The Organization's mission is to provide a safe solution for every horse in need. Through education, care, rehabilitation, and adoption services, the Organization supports horses in vulnerable and sometimes desperate circumstances. The Organization's funding is derived principally from charitable contributions and program service fees.

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

*Basis of Presentation.* The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions.* Net assets resulting from revenues generated by receiving contributions that have no donor stipulations and receiving investment, merchandise sales, and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

*Net Assets With Donor Restrictions.* Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished.

*Use of Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash and Cash Equivalents.* Cash and cash equivalents consists of money market funds, checking and savings accounts held at financial institutions. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

*Investments.* The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians.

Unrealized gains and losses are included in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

# Colorado Horse Rescue

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Fair Value Measurements.* The Organization reports using fair value measurements, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The 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 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 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 asset's 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 measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization values debt and equity securities and mutual funds with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodology used at June 30, 2025 and 2024.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

# Colorado Horse Rescue

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Inventories.* Inventories consists of hay and retail merchandise sold at the Organization's retail store, and is stated at the lower of cost (first-in, first-out method) or net realizable value.

*Property and Equipment.* It is the Organization's policy to capitalize property and equipment at cost for purchases over \$1,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Property and equipment is depreciated using straight-line methods over the estimated useful lives of the assets, which is generally ten to forty years for buildings and improvements, five to fifteen years for equipment, and five years for vehicles. Depreciation expense totaled \$69,194 and \$69,624 for the years ended June 30, 2025 and 2024, respectively.

*Software.* It is the Organization's policy to capitalize software at cost. Amortization is computed using straight-line methods over the estimated useful lives of the assets, which is five years. Amortization expense totaled \$55,535 and \$13,884 for the years ended June 30, 2025 and 2024, respectively.

*Leases and Right-of-Use Assets.* The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The Organization made a policy election not to separate lease and nonlease components for all leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable, or otherwise, the Organization uses its incremental borrowing rate based on the information available at the commencement date for all leases. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The Organization has also elected to exclude leases with terms of 12 months or less from right-of-use asset and operating lease obligation recognition.

*Impairment of Long-Lived Assets.* In the event that facts and circumstances indicate that equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended June 30, 2025 and 2024.

*Contributions.* Unconditional contributions are recognized when pledged and 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. When a donor 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.

# Colorado Horse Rescue

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Contributions (continued).* Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Conditional contributions are recognized when the conditions on which they depend are substantially met. Funding received in advance of fulfilling the conditions and refundable to the donor are reported as refundable advances in the statements of financial position.

*Contributed Services and Materials.* Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed materials are reported at fair market value on the date of gift.

*Revenue Recognition.* The Organization's revenues from contracts with customers is comprised of adoption fees, surrender fees, merchandise sales, and education clinics.

Adoption fees consist of fees received in exchange for adopting a horse. Revenue is recognized at the point in time in which the horse is picked up or delivered, which satisfies the Organization's performance obligation. Adoption fees recognized at a point in time for the years ended June 30, 2025 and 2024 was \$43,000 and \$77,518, respectively.

Surrender fees consist of fees collected when a horse is surrendered to the Organization. Revenue is recognized at the point in time in which the horse is picked up or delivered, which satisfies the Organization's performance obligation. Surrender fees recognized at a point in time for the years ended June 30, 2025 and 2024 was \$9,791 and \$9,704, respectively.

Merchandise sales consist of sales made in the retail and thrift store. Revenue is recognized at the point in time in which the merchandise is purchased by the customer, which satisfies the Organization's performance obligation. Merchandise sales recognized at a point in time for the years ended June 30, 2025 and 2024 was \$1,943 and \$4,888, respectively.

Education clinic revenue is recognized as the Organization provides services to attendees. Any amounts received prior to the course are recorded as contract liabilities. Education clinic revenue recognized over time for the year ended June 30, 2024 was \$1,357. There was no education clinic revenue recognized for the year ended June 30, 2025.

Revenues are reported at the amount of consideration which the Organization expects to be entitled in exchange for providing the goods and services. The Organization determines the transaction price based on standard charges for goods and services provided, reduced by discounts and other price concessions.

*Functional Allocation of Expenses.* The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, direct expenses have been allocated to the applicable program for which the expenses were incurred.

# Colorado Horse Rescue

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 1 – Nature of Organization and Significant Accounting Policies (continued)

*Functional Allocation of Expenses (continued).* Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

*Income Taxes.* The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

*Subsequent Events.* The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through February 26, 2026, the date at which the financial statements were available for release.

### Note 2 – Liquidity and Availability

The Organization had \$5,835,783 and \$4,229,099 in financial assets available within one year of June 30, 2025 and 2024, respectively. The Organization receives significant contributions that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these guiding principles, the Organization forecasts its future cash flows and monitors its liquidity monthly. During the years ended June 30, 2025 and 2024, the level of liquidity and reserves was managed within the guiding principles.

### Note 3 – Investments and Fair Value Measurements

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value hierarchy as of June 30:

	<u>2025</u>	<u>2024</u>
Debt and equity securities (level 1)		
U.S. equities	\$ 1,438,749	\$ 1,265,616
U.S. government	2,662,588	1,639,020
Mutual funds (level 1)		
Equity funds	511,429	-
Bond funds	-	858,030
Exchange traded funds	-	49,700
	<u>\$ 4,612,766</u>	<u>\$ 3,812,366</u>

# Colorado Horse Rescue

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 3 – Investments and Fair Value Measurements (continued)

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended June 30, 2025 and 2024, there were no significant transfers in or out of fair value levels.

Net investment income consisted of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 116,826	\$ 104,513
Net realized gain on investments	134,709	73,514
Net unrealized gain on investments	<u>113,328</u>	<u>235,183</u>
	364,863	413,210
Investment fees	<u>(24,131)</u>	<u>(18,264)</u>
	<u>\$ 340,732</u>	<u>\$ 394,946</u>

### Note 4 – Inventories

Inventories consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Hay	\$ 45,082	\$ 49,230
Retail merchandise	<u>11,211</u>	<u>3,647</u>
	<u>\$ 56,293</u>	<u>\$ 52,877</u>

### Note 5 – Operating Lease

The Organization leases equipment under a noncancelable operating lease. The lease requires the Organization to pay for maintenance and usage and expires in June 2028. The maintenance and usage costs were determined to be variable lease payments and are not included in lease payments used to determine lease obligations and are recognized as variable costs when incurred. The operating lease obligation and related right-of-use asset as of June 30, 2025 and 2024 each totaled \$7,286 and \$9,550, respectively.

Operating lease costs consist of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Amortization of right-of-use asset	\$ 2,264	\$ 2,154
Interest on lease liability	415	525
Variable rent expense	<u>1,085</u>	<u>608</u>
	<u>\$ 3,764</u>	<u>\$ 3,287</u>

# Colorado Horse Rescue

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 5 – Operating Lease (continued)

Cash paid for amounts included in the measurement of operating lease liabilities totaled \$2,679 for each year ended June 30, 2025 and 2024.

The weighted average remaining lease term for the operating leases was 2.92 years and 3.92 years at June 30, 2025 and 2024, respectively. The weighted average discount rate for the operating leases was 5.00% at June 30, 2025 and 2024.

Scheduled maturities of operating lease liabilities are as follows at June 30, 2025:

Year Ended June 30:	Amount
2026	\$ 2,679
2027	2,678
2028	2,455
	<u>7,812</u>
Less amount representing interest	(526)
	<u>\$ 7,286</u>

### Note 6 – Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

	Equine Management and Other
Balance, July 1, 2023	\$ 29,855
Releases	<u>(11,436)</u>
Balance, June 30, 2024	18,419
Releases	<u>(8,476)</u>
Balance, June 30, 2025	<u>\$ 9,943</u>

### Note 7 – Special Event

The Organization derived net revenue from the Mane Event special fundraising event during the years ended June 30:

	2025	2024
Event contributions	\$ 445,771	\$ 379,821
Direct costs	<u>(101,357)</u>	<u>(72,892)</u>
Net revenue	<u>\$ 344,414</u>	<u>\$ 306,929</u>

# Colorado Horse Rescue

## Notes to Financial Statements

June 30, 2025 and 2024

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### Note 8 – In-kind Contributions

The Organization received the following contributions of nonfinancial assets for the year ended June 30:

	<u>2025</u>	<u>2024</u>
Materials		
Supplies and tack	\$ 30,674	\$ 31,680
Hay	2,650	8,233
	<u>33,324</u>	<u>39,913</u>
Services		
Equine services	30,680	35,097
Other professional services	3,606	11,780
	<u>34,286</u>	<u>46,877</u>
 Total in-kind contributions	 <u>\$ 67,610</u>	 <u>\$ 86,790</u>

Contributed materials received by the Organization is valued at the current price for similar items located on a publicly available website. The Organization receives contributed equine and other professional services that are reported using current rates as provided by the service provider.

All donated materials and services were utilized by the Organization's program services. There were no donor-imposed restrictions associated with the in-kind contributions.

### Note 9 – Retirement Plan

The Organization provides for a deferred compensation plan under Internal Revenue Code Section 403(b). The plan covers substantially all employees who have met certain services requirements and allows the Organization to provide a matching contribution to the plan of up to 3% of the employee's annual compensation. The Organization contributed \$29,376 to the plan for the year ended June 30, 2025. The Organization contributed \$19,079 to a previous plan under Internal Revenue Code Section 408(p) for the year ended June 30, 2024.

### Note 10 – Concentrations of Credit Risk

*Major Donor.* The Organization had a single donor who comprised 30% of total operating revenue and support for the year ended June 30, 2025. There were no donors or customers who comprised 10% or more of total operating revenue and support for the year ended June 30, 2024.

*Bank Deposits.* The Organization routinely maintained cash balances in excess of federally insured limits.