



# Financial Statements and Related Documents

June 30, 2024

## Professional Association of Therapeutic Horsemanship International dba PATH International

Westminster, Colorado



**ALTRUICADVISORS**<sup>®</sup>  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS  
*...helping nonprofits create good*<sup>®</sup>



Colorado Office:  
16892 S. Yosemite Court, Ste 2-105  
Centennial, CO 80112  
(303) 532-9398

# Audited Financial Statements



**ALTRUICADVISORS**<sup>®</sup>  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS  
*...helping nonprofits create good*<sup>®</sup>



Colorado Office:  
16892 S. Yosemite Court, Ste 2-105  
Centennial, CO 80112  
(303) 532-9398



# Financial Statements

As of and for the years ended June 30, 2024 and 2023

## Professional Association of Therapeutic Horsemanship International dba PATH International

Westminster, Colorado



**ALTRUICADVISORS**<sup>®</sup>  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS  
*...helping nonprofits create good*<sup>®</sup>



Colorado Office:  
16892 S. Yosemite Court, Ste 2-105  
Centennial, CO 80112  
(303) 532-9398

# Professional Association of Therapeutic Horsemanship International

## Table of Contents

---

---

<b>Independent Auditors' Report</b> .....	Pages 1-2
<b>Statements of Financial Position</b> June 30, 2024 and 2023 .....	Page 3
<b>Statement of Activities</b> Year ended June 30, 2024 .....	Page 4
<b>Statement of Activities</b> Year ended June 30, 2023 .....	Page 5
<b>Statement of Functional Expenses</b> Year ended June 30, 2024 .....	Page 6
<b>Statement of Functional Expenses</b> Year ended June 30, 2023 .....	Page 7
<b>Statements of Cash Flows</b> Years ended June 30, 2024 and 2023 .....	Page 8
<b>Notes to Financial Statements</b> .....	Pages 9-20

## **Independent Auditors' Report**

To the Board of Trustees  
Professional Association of Therapeutic Horsemanship International  
dba PATH International  
Westminster, Colorado

### **Opinion**

We have audited the accompanying financial statements of Professional Association of Therapeutic Horsemanship International dba PATH International (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 aspects, the financial position of Professional Association of Therapeutic Horsemanship International as of June 30, 2024 and 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section in our report. We are required to be independent of Professional Association of Therapeutic Horsemanship International 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 Professional Association of Therapeutic Horsemanship International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Independent Auditors' Report (continued)

### **Auditors' 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, including omissions, 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 Professional Association of Therapeutic Horsemanship International'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 Professional Association of Therapeutic Horsemanship International'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

*Altruic Advisors, CPAs*

Certified Public Accountants

Centennial, Colorado  
March 27, 2025

# Professional Association of Therapeutic Horsemanship International

## Statements of Financial Position

June 30	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,503,307	\$ 1,224,363
Endowment investments and cash equivalents	500,000	500,000
Accounts receivable	8,900	10,000
Grants and pledges receivable, current	291,021	46,381
Inventories	18,638	16,362
Prepaid expenses	183,882	145,867
Total current assets	<u>2,505,748</u>	<u>1,942,973</u>
<b>Property and Equipment, net</b>	<u>98,186</u>	<u>163,236</u>
<b>Other Assets</b>		
Grants and pledges receivable, net of current	258,569	-
Right-of-use assets, net	242,227	328,534
Intangible assets	101,644	101,644
Deposits	7,707	7,707
Total other assets	<u>610,147</u>	<u>437,885</u>
Total assets	<u>\$ 3,214,081</u>	<u>\$ 2,544,094</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 52,695	\$ 40,966
Grants payable	11,695	33,922
Accrued compensation and benefits	83,602	86,530
Deferred revenue, current	529,403	544,576
Operating lease obligations, current	80,155	81,847
Total current liabilities	<u>757,550</u>	<u>787,841</u>
<b>Long-Term Liabilities</b>		
Deferred revenue, net of current	54,687	57,618
Operating lease obligations, net of current portion	177,073	262,096
Total long-term liabilities	<u>231,760</u>	<u>319,714</u>
Total liabilities	<u>989,310</u>	<u>1,107,555</u>
<b>Net Assets</b>		
Without donor restrictions		
Board-designated endowment	500,000	500,000
Undesignated	792,051	761,173
Total without donor restrictions	<u>1,292,051</u>	<u>1,261,173</u>
With donor restrictions	932,720	175,366
Total net assets	<u>2,224,771</u>	<u>1,436,539</u>
Total liabilities and net assets	<u>\$ 3,214,081</u>	<u>\$ 2,544,094</u>

The accompanying Notes are an integral  
part of these financial statements

# Professional Association of Therapeutic Horsemanship International

## Statement of Activities

Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Support</b>			
<b>Operating Revenue</b>			
Membership dues	\$ 998,100	\$ -	\$ 998,100
Credentialing and accreditation	738,764	-	738,764
Conference fees	419,512	-	419,512
Education sales, net of cost of sales of \$2,580	160,506	-	160,506
Sponsorships	54,133	-	54,133
Program administration fees	47,675	-	47,675
Total operating revenue	<u>2,418,690</u>	<u>-</u>	<u>2,418,690</u>
<b>Operating Support</b>			
Grants and contributions	405,541	836,598	1,242,139
Net assets released from restrictions			
Satisfaction of purpose restrictions	32,863	(32,863)	-
Expiration of time restrictions	46,381	(46,381)	-
Total operating support	<u>484,785</u>	<u>757,354</u>	<u>1,242,139</u>
Total operating revenue and support	<u>2,903,475</u>	<u>757,354</u>	<u>3,660,829</u>
<b>Operating Expenses</b>			
Program services	2,385,965	-	2,385,965
Supporting services			
General and administrative	550,128	-	550,128
Fundraising	22,024	-	22,024
Total operating expenses	<u>2,958,117</u>	<u>-</u>	<u>2,958,117</u>
Total operating revenue and support in excess (deficit) of operating expenses	<u>(54,642)</u>	<u>757,354</u>	<u>702,712</u>
<b>Other Changes</b>			
Miscellaneous income	25,891	-	25,891
Interest income	59,629	-	59,629
Total other changes	<u>85,520</u>	<u>-</u>	<u>85,520</u>
<b>Change in Net Assets</b>	<u>30,878</u>	<u>757,354</u>	<u>788,232</u>
<b>Net Assets, Beginning of Year</b>	<u>1,261,173</u>	<u>175,366</u>	<u>1,436,539</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,292,051</u>	<u>\$ 932,720</u>	<u>\$ 2,224,771</u>

The accompanying Notes are an integral  
part of these financial statements

# Professional Association of Therapeutic Horsemanship International

## Statement of Activities

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue and Support</b>			
<b>Operating Revenue</b>			
Membership dues	\$ 986,836	\$ -	\$ 986,836
Credentialing and accreditation	630,650	-	630,650
Education sales, net of cost of sales of \$6,244	175,096	-	175,096
Conference fees	362,062	-	362,062
Sponsorships	68,323	-	68,323
Program administration fees	37,175	-	37,175
Total operating revenue	<u>2,260,142</u>	<u>-</u>	<u>2,260,142</u>
<b>Operating Support</b>			
Grants and contributions	448,730	64,359	513,089
Net assets released from restrictions			
Satisfaction of purpose restrictions	11,405	(11,405)	-
Expiration of time restrictions	36,196	(36,196)	-
Total operating support	<u>496,331</u>	<u>16,758</u>	<u>513,089</u>
Total operating revenue and support	<u>2,756,473</u>	<u>16,758</u>	<u>2,773,231</u>
<b>Operating Expenses</b>			
Program services	2,311,880	-	2,311,880
Supporting services			
General and administrative	569,284	-	569,284
Fundraising	19,562	-	19,562
Total operating expenses	<u>2,900,726</u>	<u>-</u>	<u>2,900,726</u>
Total operating revenue and support in excess (deficit) of operating expenses	<u>(144,253)</u>	<u>16,758</u>	<u>(127,495)</u>
<b>Other Changes</b>			
Miscellaneous income	24,026	-	24,026
Interest income	6,487	-	6,487
Total other changes	<u>30,513</u>	<u>-</u>	<u>30,513</u>
<b>Change in Net Assets</b>	(113,740)	16,758	(96,982)
<b>Net Assets, Beginning of Year</b>	<u>1,374,913</u>	<u>158,608</u>	<u>1,533,521</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,261,173</u>	<u>\$ 175,366</u>	<u>\$ 1,436,539</u>

The accompanying Notes are an integral  
part of these financial statements

# Professional Association of Therapeutic Horsemanship International

## Statement of Functional Expenses

Year ended June 30, 2024

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 893,594	\$ 285,950	\$ 11,915	\$ 1,191,459
Employee benefits	111,146	35,566	1,482	148,194
Payroll taxes	110,093	35,230	1,468	146,791
Total personnel costs	1,114,833	356,746	14,865	1,486,444
Conferences	262,645	-	-	262,645
Consulting and purchased services	192,988	28,837	-	221,825
Grants	213,182	-	-	213,182
Information technology	129,502	22,853	-	152,355
Occupancy	79,389	17,862	1,985	99,236
Evaluator fees	88,428	-	-	88,428
Depreciation	55,841	22,337	1,595	79,773
Legal and professional fees	25,592	36,827	-	62,419
Bank and credit card fees	47,781	11,492	1,210	60,483
Printing and publications	43,651	2,322	464	46,437
Postage and shipping	28,501	4,640	-	33,141
Travel	30,059	304	-	30,363
Dues and subscriptions	3,553	13,367	-	16,920
Marketing and fundraising	13,101	2,210	474	15,785
Curriculum	15,669	-	-	15,669
Meetings	9,328	2,931	1,066	13,325
Equipment rent	-	13,002	-	13,002
Telephone	9,813	2,208	245	12,266
Supplies	3,024	7,057	-	10,081
Miscellaneous expenses	6,039	2,122	-	8,161
Insurance	6,452	1,244	78	7,774
Professional development	2,398	1,767	42	4,207
Other program expenses	4,196	-	-	4,196
Total operating expenses	\$ 2,385,965	\$ 550,128	\$ 22,024	\$ 2,958,117

The accompanying Notes are an integral  
part of these financial statements

# Professional Association of Therapeutic Horsemanship International

## Statement of Functional Expenses

Year ended June 30, 2023

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 811,232	\$ 259,594	\$ 10,816	\$ 1,081,642
Employee benefits	79,913	25,572	1,066	106,551
Payroll taxes	75,886	24,284	1,012	101,182
Total personnel costs	967,031	309,450	12,894	1,289,375
Grants	424,966	-	-	424,966
Consulting and purchased services	172,111	25,718	-	197,829
Conferences	177,264	-	-	177,264
Legal and professional fees	60,468	87,015	-	147,483
Information technology	121,758	21,486	-	143,244
Depreciation	52,929	21,172	1,512	75,613
Evaluator fees	73,287	-	-	73,287
Occupancy	48,113	10,825	1,203	60,141
Dues and subscriptions	11,263	42,371	-	53,634
Bank and credit card fees	40,563	9,756	1,027	51,346
Printing and publications	45,557	2,423	485	48,465
Postage and shipping	27,963	4,552	-	32,515
Travel	27,857	281	-	28,138
Meetings	14,140	4,444	1,616	20,200
Telephone	13,141	2,957	329	16,427
Equipment rent	-	13,122	-	13,122
Marketing and fundraising	10,814	1,824	391	13,029
Supplies	3,812	8,894	-	12,706
Insurance	7,149	1,378	86	8,613
Curriculum	8,300	-	-	8,300
Miscellaneous expenses	2,296	807	-	3,103
Professional development	1,098	809	19	1,926
Total operating expenses	\$ 2,311,880	\$ 569,284	\$ 19,562	\$ 2,900,726

The accompanying Notes are an integral  
part of these financial statements

# Professional Association of Therapeutic Horsemanship International

## Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended June 30	2024	2023
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 788,232	\$ (96,982)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	79,773	75,613
Noncash effect on change in right-of-use assets and leases	-	(15,429)
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	1,100	(6,387)
Grants and pledges receivable	(503,209)	(10,185)
Inventories	(2,276)	985
Prepaid expenses	(38,015)	(24,489)
Right-of-use assets and operating lease obligations	(408)	-
Accounts payable	11,729	13,441
Grants payable	(22,227)	(10,578)
Accrued compensation and benefits	(2,928)	10,016
Deferred revenue	(18,104)	(4,538)
Net cash provided (used) by operating activities	<u>293,667</u>	<u>(68,533)</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of investments	(375,000)	(125,000)
Purchases of property and equipment	(14,723)	(26,998)
Net cash used by investing activities	<u>(389,723)</u>	<u>(151,998)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(96,056)</b>	<b>(220,531)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b><u>1,599,363</u></b>	<b><u>1,819,894</u></b>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 1,503,307</u></b>	<b><u>\$ 1,599,363</u></b>

The accompanying Notes are an integral  
part of these financial statements

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2024 and 2023

---

---

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

*Nature of Operations.* Professional Association of Therapeutic Horsemanship International ("the Organization") is a Colorado non-profit corporation established in 1969 whose mission is to lead the advancement of professional equine-assisted services by supporting members and stakeholders through rigorously developed standards, credentialing, and education. The Organization provides standards, credentialing, and education for industry professionals and facilitates the work with children and adults who are challenged physically, emotionally, or mentally as they strive to achieve health and wellness goals. The Organization's revenues and other support are derived principally from membership dues, conference fees, accreditation and certification fees, education sales, and charitable contributions from interested parties.

*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.

*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 checking and savings accounts held at a financial institution. For purposes of the statements 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. See *Fair Value Measurements*.

Unrealized gains and losses, if any, are calculated since the most recent financial statement reporting date. In the year that an investment is sold, unrealized gains and losses are calculated from the most recent financial statement reporting date through the date of sale. Therefore, realized gains and losses are generally not reported. Unrealized gains and losses are included in the change in net assets in the accompanying statements 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.

*Fair Value Measurements.* The Organization reports using fair value measurements, which 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:

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2024 and 2023

---

---

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

#### *Fair Value Measurements* (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: <ul style="list-style-type: none"><li>- Quoted prices for similar assets or liabilities in active markets;</li><li>- Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>- Inputs other than quoted prices that are observable for the asset or liability;</li><li>- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> 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.

Following is a description of the valuation methodology used for assets measured at fair value on a recurring basis:

*Certificates of Deposit.* The Organization values certificates of deposit at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. Early withdrawal charges may apply in the event the instruments are liquidated prior to their scheduled maturity date.

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 methodologies used at June 30, 2024 and 2023.

In general, investments are exposed to various risks, such as interest rate, credit, and overall 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 statements of financial position.

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2024 and 2023

---

---

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

*Accounts Receivable, prior to implementation of ASU 2016-13* (see Note 2). Through June 30, 2023, accounts receivable are stated net of allowances for uncollectible accounts. At the time accounts receivable are originated, the Organization considers an allowance for doubtful accounts based on the creditworthiness of the debtor. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Organization on an ongoing basis. Management believes that all accounts receivable are fully collectible at June 30, 2023.

*Accounts Receivable, after implementation of ASU 2016-13* (see Note 2). Beginning July 1, 2023, accounts receivable are presented net of an allowance for credit losses, which is an estimate of the amount that may not be collectible. In determining the amount of the allowance as of the balance sheet date, the Organization separates accounts receivable into risk pools based on their aging and develops a loss rate for each pool. The loss rate is based on management's historical collection experience, adjusted for expectations about current and future economic conditions, and the creditworthiness of the member. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts. Management has determined that all amounts are collectible and, therefore, has not recorded an allowance for credit losses at June 30, 2024.

*Grants and Pledges Receivable.* Grants and pledges receivable are recorded at the amount the Organization expects to receive, allowing for estimated uncollectible amounts. The allowance for uncollectible grants and pledges is estimated based on management's review of specific contributions outstanding. As of June 30, 2024 and 2023, management believes all grants and pledges receivable are fully collectible, and accordingly, no allowance for doubtful accounts has been recorded. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

*Inventories.* Inventories consisting of association merchandise and equine-assisted services research materials are stated at the lower of cost (first-in, first-out method) or net realizable value. Donated items, if any, are recorded at fair value at the date of receipt.

*Property and Equipment.* In the year ended June 30, 2023, it was the Organization's policy to capitalize property and equipment at cost for purchases over \$500, while repair and maintenance items were charged to expense. During the year ended June 30, 2024, the Organization's policy was revised to capitalize property and equipment at cost for purchases over \$2,500 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 the straight-line method over the estimated useful lives of the assets, which is generally three to five years for equipment and software and five years for furniture and fixtures.

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2024 and 2023

---

---

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

*Intangible Assets.* Intangible assets consist of trademarks. Indefinite-lived intangible assets are not amortized, but are tested for impairment annually, or more frequently if circumstances indicate potential impairment, through a comparison of fair value to its carrying amount. The trademarks must be renewed and usage confirmed between five and six years after registration, again at nine to ten years, and every ten years thereafter at minimal cost. The costs incurred to renew the trademarks are expensed as incurred. The Organization also evaluates whether circumstances warrant a revision to the remaining estimated useful life of each intangible asset annually. If the Organization were to determine that a change in the remaining estimated useful life of an intangible asset was necessary, then the remaining carrying amount of the intangible asset would be amortized prospectively over the revised remaining useful life.

*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, 2024 and 2023.

*Leases.* The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") lease assets, current portion of lease obligations, and long term lease obligations on the Organization's statements of financial position. ROU lease assets represent the Organization's right to use an underlying asset for the lease term and lease obligations represent the Organization's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

*Basis of Net Asset 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, membership dues, conference fees, accreditation and other services, interest, 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 net assets, until the donor restriction expires, that is, until the stipulation time restriction ends or the purpose restriction is accomplished.

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2024 and 2023

---

---

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

*Board-Designated Endowment.* During the year ended June 30, 2023, the Organization's Board of Directors created a board-designated endowment ("the Fund" or "the endowment") as a contingency reserve for the Organization. The Organization's Board of Directors has determined that this designation of the Organization's net assets meets the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act (UPMIFA), enacted by the State of Colorado in 2008. The Organization requires the preservation of the fair value of the Fund's original corpus of \$500,000. It is the intent of the Fund that any earnings of the Fund be used to provide for member benefits.

As a result of this interpretation, the Organization generally classifies as board-designated endowment net assets (a) the original value of funds transferred into the Fund, (b) the original value of subsequent transfers to the Fund, and (c) accumulations to the Fund made in accordance under the direction of the endowment policy as adopted by the board of directors. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate board-designated endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the board-designated endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

*Endowment Investment Policies.* The Organization has adopted investment policies that include a conservative risk tolerance to ensure the long-term stability of its endowment fund. To achieve the objective of the endowment, the investment policy attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the Fund if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the Fund to unacceptable levels of risk.

*Endowment Spending Policies.* No distribution shall be made from the Fund if the corpus of the Fund falls below \$500,000. Thereafter, annual distributions from the Fund shall generally not exceed 100% of the net investment earnings from the previous fiscal year. Provided that there were investment earnings from the Fund during the previous fiscal year, the Organization may make distributions from the Fund in accordance with the direction of the endowment policy.

*Revenue Recognition.*

*Timing of Satisfaction.* Education sales are recognized at the time of sale. Conference income is recognized as of the date of the conference. Membership dues, sponsorship income, and accreditation, certification, and workshop fees are recognized ratably over the period covered. Program administration fees are recognized when the Organization's administrative obligations of disseminating grant funds are completed.

*Transaction Price.* The transaction price of a contract with a client is the amount of consideration to which the Organization expects to be entitled for transferring promised services to the member or customer.

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2024 and 2023

---

---

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

#### *Revenue Recognition* (continued).

*Contract Balances.* The following table provides information about the Organization's receivables and contract liabilities from contracts with members or customers at June 30:

	<u>2024</u>	<u>2023</u>
Accounts receivable, beginning of year	\$ 10,000	\$ 3,613
Accounts receivable, end of year	\$ 8,900	\$ 10,000
Contract liabilities, beginning of year	\$ 602,194	\$ 606,732
Contract liabilities, end of year	\$ 584,090	\$ 602,194

The Organization's contracts do not include significant financing components.

*Grants and Contributions.* Grants and contributions are recognized when amounts are received. Donor-restricted amounts are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Grants and contributions that are restricted by the grantor or donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the amounts are recognized.

*Contributed Services.* The Organization records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills that are provided by persons possessing those skills and would typically need to be purchased if not provided by donation. Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition. The Organization did not receive contributed services during the years ended June 30, 2024 and 2023.

*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.

The Organization is subject to unrelated business income tax on its advertising income. As of June 30, 2024, the Organization has incurred an accumulated net operating loss carryforward of approximately \$43,879. A deferred tax benefit has not been recorded in the accompanying financial statements as it is not determinable if the Organization will obtain a future benefit from this net operating loss carryforward.

*Functional Allocation of Expenses.* Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

*Reclassifications.* Certain amounts from the financial statements for the year ended June 30, 2023 have been reclassified to conform to current year presentation, without affecting total net assets.

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2024 and 2023

---

---

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

*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 March 27, 2025, the date at which the financial statements were available for release.

### Note 2 – New Accounting Pronouncement

During the year ended June 30, 2024, the Organization adopted the requirements of ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard replaced the incurred loss methodology with a current expected credit loss (CECL) methodology that requires an estimate of credit losses for the remaining estimated useful life of certain financial instruments (e.g. trade receivables) carried at amortized cost. The new standard requires that entities holding assets subject to the CECL model record an allowance for credit losses that is deducted from the amortized cost basis of the assets and that the assets are presented at the net carrying value of the amount expected to be collected. CECL requires that the allowance is based on historical experience, current conditions, and reasonable and supportable forecasts by management at each reporting date. The Organization adopted ASC 326 effective July 1, 2023 using a modified retrospective approach, and therefore, no adjustments were made to prior period financial statements. As a result of adopting this standard, there was no cumulative effect to the opening balance of net assets as of July 1, 2023.

### Note 3 – Fair Value Measurement

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value hierarchy as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposit	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value hierarchy as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of deposit	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>

*Changes in Fair Value Levels.* 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.

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2024 and 2023

---

---

### Note 3 – Fair Value Measurement (continued)

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, 2024 and 2023, there were no significant transfers in or out of fair value levels.

### Note 4 – Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Equipment and software	\$ 433,423	\$ 418,700
Furniture and fixtures	29,536	29,536
	<u>462,959</u>	448,236
Less accumulated depreciation	<u>(364,773)</u>	<u>(285,000)</u>
Net property and equipment	<u>\$ 98,186</u>	<u>\$ 163,236</u>

Depreciation expense totaled \$79,773 and \$75,613 for the years ended June 30, 2024 and 2023, respectively. Amortization of software is included in depreciation expense.

### Note 5 – Right-of-Use Assets

Right-of-use assets consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Right-of-use assets under operating leases (equipment)	\$ 14,281	\$ 48,184
Right-of-use assets under operating leases (facility)	617,259	617,259
Less accumulated amortization	<u>(389,313)</u>	<u>(336,909)</u>
Net right-of-use assets	<u>\$ 242,227</u>	<u>\$ 328,534</u>

Amortization of the right-of-use assets for each of the years ended June 30, 2024 and 2023 was \$75,108 and \$90,430, respectively.

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2024 and 2023

### Note 6 – Board-Designated Endowment Fund

In an effort to support the Organization's long-range financial future and to help establish a contingency reserve, the board of trustees designated an endowment fund of \$500,000 at June 30, 2023. This fund is an internally-imposed designation and is included in net assets without donor restrictions.

Changes in the endowment net assets are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Endowment net assets, beginning of year	\$ 500,000	\$ -
Additions	-	500,000
Endowment net assets, end of year	<u>\$ 500,000</u>	<u>\$ 500,000</u>

### Note 7 – Lease Commitments

Operating lease obligations consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Operating lease agreement for commercial facility in Westminster, Colorado; monthly payment of \$6,794 as of June 30, 2023; 111-month lease term expiring June 2027	\$ 247,226	\$ 320,318
Operating lease agreement for copier machine; monthly payment of \$546 as of June 30, 2023; 72-month lease term expired February 2024	-	11,199
Operating lease agreement for mail equipment; monthly payment of \$230 as of June 30, 2023; 72-month lease term expiring April 2028	<u>10,002</u>	<u>12,426</u>
Total	<u>257,228</u>	<u>343,943</u>
Less current portion, discounted	<u>(80,155)</u>	<u>(81,847)</u>
Operating lease obligations, net of current portion, net of unamortized present value discount	<u>\$ 177,073</u>	<u>\$ 262,096</u>
Weighted average discount rate at June 30	<b>3.02%</b>	4.86%
Weighted average remaining lease term at June 30	<b>3.42 years</b>	3.96 years

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2024 and 2023

### Note 7 – Lease Commitments (continued)

Future annual undiscounted minimum lease payments required under the noncancelable operating leases are as follows at June 30, 2024:

Year ended June 30	Lease obligations	Present value discount	Net of unamortized discount
2025	\$ 86,582	\$ (6,427)	\$ 80,155
2026	88,879	(3,943)	84,936
2027	91,175	(1,312)	89,863
2028	2,300	(26)	2,274
Total	<u>\$ 268,936</u>	<u>\$ (11,708)</u>	<u>\$ 257,228</u>

*Additional Lease Obligation.* The Organization also leases a copier machine under a noncancelable operating lease agreement that expires in February 2029. As of June 30, 2024, monthly rent payments were \$604. Management has not implemented the adopted lease standard for this lease obligation (see Note 1) as management believes the impact of the accompanying financial statements is immaterial.

Future annual minimum lease payments required under this noncancelable operating lease are as follows at June 30, 2024:

Year ended June 30	Annual Lease Obligation
2025	\$ 7,242
2026	7,242
2027	7,242
2028	7,242
2029	4,225
Total	<u>\$ 33,193</u>

### Note 8 – Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the year ended June 30, 2024:

	July 1, 2023 Balance	Additions	Releases	June 30, 2024 Balance
Time restricted				
Grants and pledges receivable	\$ 46,381	\$ 549,680	\$ 46,381	\$ 549,680
Purpose restricted				
Accreditation Funds	4,600	2,100	-	6,700
Disaster relief	12,379	956	-	13,335
Equine service for heroes	2,427	500	-	2,927
Regional speakers	15,059	-	-	15,059
Rider's assistance fund	26,555	95	-	26,650
Scholarships	67,965	6,058	6,375	67,648
Innovation Circles	-	277,209	26,488	250,721
	<u>\$ 175,366</u>	<u>\$ 836,598</u>	<u>\$ 79,244</u>	<u>\$ 932,720</u>

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2024 and 2023

### Note 8 – Net Assets with Donor Restrictions (continued)

The following summarizes the changes in net assets with donor restrictions for the year ended June 30, 2023:

	July 1, 2022 Balance	Additions	Releases	June 30, 2023 Balance
Time restricted				
Grants and pledges receivable	\$ 36,196	\$ 46,381	\$ 36,196	\$ 46,381
Purpose restricted				
Accreditation Funds	1,900	2,700	-	4,600
Disaster relief	11,361	3,018	2,000	12,379
Equine service for heroes	2,307	120	-	2,427
Regional speakers	10,059	5,000	-	15,059
Rider's assistance fund	28,405	355	2,205	26,555
Scholarships	68,380	6,785	7,200	67,965
	<u>\$ 158,608</u>	<u>\$ 64,359</u>	<u>\$ 47,601</u>	<u>\$ 175,366</u>

### Note 9 – Retirement Plan

The Organization provides for a deferred compensation plan under Internal Revenue Code Section 408(p) which currently allows an employee to contribute up to \$16,000 of their annual compensation with an additional \$3,500 available for employees age 50 and over. The Organization provides a matching contribution to the plan of up to 3% of the employee's annual compensation. The Organization contributed \$14,790 and \$18,168 to the plan for the years ended June 30, 2024 and 2023, respectively.

### Note 10 – Liquidity and Availability of Resources

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 principles, the Organization forecasts its future cash flows and monitors its liquidity monthly, and monitors its reserves annually. During the years ended June 30, 2024 and 2023, the level of liquidity and reserves was managed within these guiding principles.

# Professional Association of Therapeutic Horsemanship International

## Notes to Financial Statements

June 30, 2024 and 2023

### Note 10 – Liquidity and Availability of Resources (continued)

The Organization's financial assets available for general expenditures within one year are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Financial assets at June 30:		
Cash and cash equivalents	\$ 1,503,307	\$ 1,599,363
Investments	500,000	125,000
Accounts receivable	8,900	10,000
Grants and pledges receivable	549,590	46,381
	<u>2,561,797</u>	<u>1,780,744</u>
Less amounts not available for general expenditures within one year		
Grants and pledges receivable, net of current	(258,569)	-
Board-designated endowment	(500,000)	(500,000)
Assets subject to donor restrictions	(383,040)	(128,985)
	<u>(1,141,609)</u>	<u>(628,985)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,420,188</u>	<u>\$ 1,151,759</u>

### Note 11 – Concentrations

*Bank Deposits.* At certain times during the years ended June 30, 2024 and 2023, the Organization maintained cash balances in excess of federally insured limits. Management believes the risk of loss on these amounts is minimal.

*Receivable Concentration.* As of June 30, 2024, one donor comprised approximately 96% of the Organization's total receivables.

*Revenue and Support.* During the year ended June 30, 2024, the Organization had one grantor who comprised approximately 22% of total revenue and support.