



**PROFESSIONAL ASSOCIATION OF  
THERAPEUTIC HORSEMANSHIP INTERNATIONAL  
dba PATH INTERNATIONAL**

**Financial Statements  
(Audited)**

*For the Years Ended  
June 30, 2025 and 2024*

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Professional Association of Therapeutic Horsemanship International dba PATH International

### **Opinion**

We have audited the accompanying financial statements of Professional Association of Therapeutic Horsemanship International dba PATH International (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Professional Association of Therapeutic Horsemanship International dba PATH International as of June 30, 2025, and the changes in its net assets and its cash flows for the year 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Professional Association of Therapeutic Horsemanship International dba PATH International 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.

### **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 dba PATH International's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **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 auditors' 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.

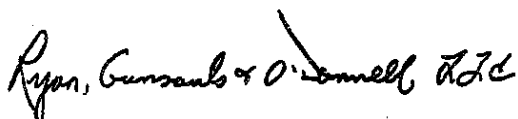
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Professional Association of Therapeutic Horsemanship International dba PATH 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 dba PATH 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

The financial statements Professional Association of Therapeutic Horsemanship International dba PATH International as of and for the year ended June 30, 2024, were audited by another auditor whose report thereon, dated March 27, 2025, expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent in all material respects, with the audited financial statements from which it has been derived.



Denver, Colorado  
November 14, 2025

**PROFESSIONAL ASSOCIATION OF THERAPEUTIC HORSEMANSHIP INTERNATIONAL**  
**dba PATH INTERNATIONAL**  
**Statements of Financial Position**  
**June 30, 2025 and 2024**

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 941,602	\$ 1,503,259
Accounts receivable	23,440	8,900
Grants and pledges receivable, current portion	310,191	291,021
Investments - short-term	475,000	-
Investments - donor restricted	280,518	48
Inventory	10,385	18,638
Prepaid expense	188,942	183,882
<b>Total current assets</b>	<b><u>2,230,078</u></b>	<b><u>2,005,748</u></b>
<b>Property and equipment, net</b>	<b><u>71,627</u></b>	<b><u>98,186</u></b>
<b>Intangible assets</b>	<b><u>101,644</u></b>	<b><u>101,644</u></b>
<b>Right-of-use assets - operating, net of amortization</b>	<b><u>187,720</u></b>	<b><u>242,227</u></b>
Non-current assets:		
Investments - Board designated endowment	500,000	500,000
Contributions receivable, net of current portion	-	258,569
Deposit	7,707	7,707
<b>Total non-current assets</b>	<b><u>507,707</u></b>	<b><u>766,276</u></b>
<b>Total assets</b>	<b><u>\$ 3,098,776</u></b>	<b><u>\$ 3,214,081</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current liabilities:		
Accounts payable	\$ 33,651	\$ 52,695
Grants payable	30,900	11,695
Accrued payroll and related	80,887	83,602
Deferred revenue current portion	552,044	529,403
Current portion of lease liabilities - operating leases	91,740	80,155
<b>Total current liabilities</b>	<b><u>789,222</u></b>	<b><u>757,550</u></b>
Non-current liabilities:		
Deferred revenue, net of current portion	\$ 51,757	\$ 54,687
Long-term portion of lease liabilities - operating leases	108,278	177,073
<b>Total current liabilities</b>	<b><u>160,035</u></b>	<b><u>231,760</u></b>
<b>Total liabilities</b>	<b><u>949,257</u></b>	<b><u>989,310</u></b>
Net assets:		
Without donor restrictions		
Net assets without donor restriction	467,624	792,051
Net assets designated by the Board	500,000	500,000
Without donor restrictions, total	967,624	1,292,051
With donor restrictions	1,181,895	932,720
<b>Total net assets</b>	<b><u>2,149,519</u></b>	<b><u>2,224,771</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 3,098,776</u></b>	<b><u>\$ 3,214,081</u></b>

*See the accompanying independent auditors' report and the notes to the financial statements.*

**PROFESSIONAL ASSOCIATION OF THERAPEUTIC HORSEMANSHIP INTERNATIONAL**  
**dba PATH INTERNATIONAL**  
**Statements of Activities**  
**For the Year Ended June 30, 2025 with Summarized Comparative Totals for 2024**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2025 Total</u>	<u>2024 (Summarized)</u>
Revenue from contracts:				
Membership dues	\$ 946,521	\$ -	\$ 946,521	\$ 998,100
Credentialing and accreditation	608,460	-	608,460	738,762
Conferences	168,234	-	168,234	419,512
Education sales, net of costs	154,058	-	154,058	160,506
Program administration fees	101,450	-	101,450	47,675
Sponsorships	73,478	-	73,478	54,133
Other revenues	<u>63,989</u>	<u>-</u>	<u>63,989</u>	<u>25,890</u>
Total revenue from contracts	<u>2,116,190</u>	<u>-</u>	<u>2,116,190</u>	<u>2,444,578</u>
Contributions:				
Grants and contributions	<u>244,767</u>	<u>841,040</u>	<u>1,085,807</u>	<u>1,242,139</u>
Total contributions	<u>244,767</u>	<u>841,040</u>	<u>1,085,807</u>	<u>1,242,139</u>
Released from restriction	<u>591,865</u>	<u>(591,865)</u>	<u>-</u>	<u>-</u>
<b>Total revenue and support</b>	<u><b>2,952,822</b></u>	<u><b>249,175</b></u>	<u><b>3,201,997</b></u>	<u><b>3,686,717</b></u>
Functional expenses:				
Program services	2,813,827	-	2,813,827	2,330,124
General and administrative	494,953	-	494,953	527,791
Fundraising	<u>17,148</u>	<u>-</u>	<u>17,148</u>	<u>20,425</u>
<b>Total functional expenses</b>	<u><b>3,325,928</b></u>	<u><b>-</b></u>	<u><b>3,325,928</b></u>	<u><b>2,878,340</b></u>
<b>Change in net assets from operating activities</b>	<u><b>(373,106)</b></u>	<u><b>249,175</b></u>	<u><b>(123,931)</b></u>	<u><b>808,377</b></u>
<b>Non-operating income (expense):</b>				
Unrealized gain on investments	3,874	-	3,874	-
Interest income	78,432	-	78,432	59,629
Depreciation expense	<u>(33,627)</u>	<u>-</u>	<u>(33,627)</u>	<u>(79,774)</u>
<b>Total non-operating income (expense)</b>	<u><b>48,679</b></u>	<u><b>-</b></u>	<u><b>48,679</b></u>	<u><b>(20,145)</b></u>
<b>Change in net assets</b>	<u><b>(324,427)</b></u>	<u><b>249,175</b></u>	<u><b>(75,252)</b></u>	<u><b>788,232</b></u>
Net assets - beginning of year	<u>1,292,051</u>	<u>932,720</u>	<u>2,224,771</u>	<u>1,436,539</u>
<b>Net assets - end of year</b>	<u><b>\$ 967,624</b></u>	<u><b>\$ 1,181,895</b></u>	<u><b>\$ 2,149,519</b></u>	<u><b>\$ 2,224,771</b></u>

*See the accompanying independent auditors' report and notes to the financial statements.*

**PROFESSIONAL ASSOCIATION OF THERAPEUTIC HORSEMANSHIP INTERNATIONAL**  
**dba PATH INTERNATIONAL**  
**Statements of Functional Expenses**  
**For the Year Ended June 30, 2025 with Summarized Comparative Totals for 2024**

	Program services			Total program services	Supporting services		Total supporting services	2025 Total	2024 (Summarized) Total
	Membership	Education	Credentialing and accreditation		General and administrative	Fundraising			
Salaries and wages	\$ 435,717	\$ 251,162	\$ 469,483	\$ 1,156,362	\$ 188,465	\$ 5,715	\$ 194,180	\$ 1,350,542	1,191,458
Employee benefits	59,664	34,393	64,288	158,345	23,291	1,553	24,844	183,189	153,846
Payroll taxes	47,612	27,445	51,303	126,360	19,581	1,305	20,886	147,246	146,790
	<u>542,993</u>	<u>313,000</u>	<u>585,074</u>	<u>1,441,067</u>	<u>231,337</u>	<u>8,573</u>	<u>239,910</u>	<u>1,680,977</u>	<u>1,492,094</u>
Grants	556,205	-	-	556,205	-	-	-	556,205	213,183
Consulting and purchased services	111,848	67,629	80,634	260,111	135,196	1,579	136,775	396,886	333,486
Information technology	42,220	25,529	30,438	98,187	58,398	2,374	60,772	158,959	152,356
Bank, credit card and admin fees	42,761	25,856	30,828	99,445	15,919	1,127	17,046	116,491	57,120
Evaluator fees	-	6,000	88,340	94,340	-	-	-	94,340	88,428
Occupancy	30,152	18,231	21,738	70,121	15,777	1,753	17,530	87,651	99,236
Printing and publications	17,948	10,853	12,940	41,741	7,112	790	7,902	49,643	46,438
Travel	3,520	4,511	38,194	46,225	1,008	-	1,008	47,233	30,363
Conferences and meetings	-	38,213	-	38,213	1,754	34	1,788	40,001	211,113
Postage and shipping	3,814	2,306	2,749	8,869	16,121	45	16,166	25,035	33,141
Telephone	5,242	3,170	3,779	12,191	2,743	305	3,048	15,239	12,267
Equipment rental	4,188	2,532	3,019	9,739	2,191	243	2,434	12,173	13,002
Marketing and fundraising	2,712	1,640	1,955	6,307	4,313	7	4,320	10,627	15,922
Dues and subscriptions	3,775	2,283	2,722	8,780	1,333	123	1,456	10,236	16,974
Region outreach and member benefits	10,062	-	-	10,062	-	-	-	10,062	36,653
Supplies	2,948	1,782	2,126	6,856	693	77	770	7,626	10,077
Insurance	2,308	1,396	1,664	5,368	1,058	118	1,176	6,544	7,774
Meetings	-	-	-	-	-	-	-	-	8,713
	<u>\$ 1,382,696</u>	<u>\$ 524,931</u>	<u>\$ 906,200</u>	<u>\$ 2,813,827</u>	<u>\$ 494,953</u>	<u>\$ 17,148</u>	<u>\$ 512,101</u>	<u>\$ 3,325,928</u>	<u>\$ 2,878,340</u>

*See the accompanying independent auditors' report and notes to the financial statements.*

**PROFESSIONAL ASSOCIATION OF THERAPEUTIC HORSEMANSHIP INTERNATIONAL**  
**dba PATH INTERNATIONAL**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ (75,252)	\$ 788,232
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gain on investments	(3,874)	-
Depreciation	33,627	79,774
Right-of-use asset - operating amortization	54,507	(408)
(Increase) decrease in operating assets:		
Accounts receivable	(14,540)	1,100
Contributions receivable	239,399	(503,209)
Inventory	8,253	(2,276)
Prepaid expenses	(5,060)	(38,015)
Increase (decrease) in operating liabilities:		
Accounts payable	(19,044)	11,729
Grants payable	19,205	(22,227)
Accrued payroll and related	(2,715)	(2,928)
Deferred revenue	19,711	(18,104)
Lease liability - operating	<u>(57,210)</u>	<u>-</u>
<b>Net cash provided by operating activities</b>	<b><u>197,007</u></b>	<b><u>293,668</u></b>
Cash flows from investing activities:		
Purchase of investments	(475,000)	(375,000)
Contribution of donor restricted investments	(283,293)	-
Reinvestments of earnings	-	(49)
Proceeds from sale of investments	6,697	-
Purchase of property and equipment	<u>(7,068)</u>	<u>(14,723)</u>
<b>Net cash used in investing activities</b>	<b><u>(758,664)</u></b>	<b><u>(389,772)</u></b>
<b>Net change in cash and cash equivalents</b>	<b>(561,657)</b>	<b>(96,104)</b>
Total cash and cash equivalents, beginning of year	<u>1,503,259</u>	<u>1,599,363</u>
<b>Total cash and cash equivalents, end of year</b>	<b>\$ <u>941,602</u></b>	<b>\$ <u>1,503,259</u></b>

*See the accompanying independent auditors' report and notes to the financial statements.*

**Professional Association of Therapeutic Horsemanship International dba PATH International**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**Note 1: Nature of Operations**

Professional Association of Therapeutic Horsemanship International dba PATH 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.

**Note 2: Summary of Significant Accounting Policies**

The summary of significant accounting policies of the Organization is presented to assist in the understanding of the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

**Basis of Presentation**

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Organization accounts for its net assets, revenues, gains, expenses and losses based upon the existence or absence of donor-imposed restrictions. A description of the net asset categories follows:

*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.

*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 passage of time. Other donor restrictions are perpetual in nature, where by 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.

**Basis of Accounting**

The Organization's financial statements are 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

**Professional Association of Therapeutic Horsemanship International dba PATH International**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**Note 2: Summary of Significant Accounting Policies, continued**

Use of Estimates, continued

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.

Fair Value

Cash, cash equivalents, receivables, prepaid expenses, investments, payables, accrued expenses, and other liabilities are reflected in the financial statements at fair value. The amounts reported in the financial statements approximate fair values because of their short maturities.

Cash and Cash Equivalents

Cash and cash equivalents consist 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 of Investments* at Note 4.

Unrealized gains and losses, if any, 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.

Accounts Receivable

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, 2025 and 2024, respectively.

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

**Professional Association of Therapeutic Horsemanship International dba PATH International**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**Note 2: Summary of Significant Accounting Policies, continued**

Grants and Pledges Receivable, continued

estimated based on management's review of specific contributions outstanding. As of June 30, 2025 and 2024, 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.

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.

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.

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.

Property and Equipment

The Organization's policy is 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 are 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.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") lease assets, current of 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,

**Professional Association of Therapeutic Horsemanship International dba PATH International**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**Note 2: Summary of Significant Accounting Policies, continued**

Leases, continued

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.

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 their 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.

Deferred Revenue

Deferred revenue consists of monies received for memberships, sponsorships and conferences that will occur after fiscal year end. For the years ended June 30, 2025 and 2024, amounts of deferred revenue were \$603,801 and \$584,092, respectively.

Public Support and Contributions

Public support and contributions received are recorded as revenues and net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions or by law. In general, grants received by the Organization are considered contributions.

Public support and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a restriction is fulfilled, (that is, when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified and reported in the statements of activities as net assets without donor restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the support is reported as net assets without donor restrictions.

Revenue Recognition

In accordance with ASC Sub-Topic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of release or a promise to transfer assets exist. Indicators of a barrier include a measurable performance-related barrier or other measurable

**Professional Association of Therapeutic Horsemanship International dba PATH International**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**Note 2: Summary of Significant Accounting Policies, continued**

Revenue Recognition, continued

barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of an agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such contributions are conditional and should be reported as conditional contribution liability until such conditions are met.

Nonoperating Activities

Nonoperating activities reflect transactions that are outside of the Organization' program services or are nonrecurring in nature. The Organization defines nonoperating activities as contribution revenue and related expenses, gain on sale of assets, and other revenue generated from activities that are not included in its core program services as listed in the statements of functional expenses.

Contributed Nonfinancial Assets

The Organization has adopted the provisions of *Accounting for Contributions Received and Contributions Made*. Donated services are recognized as contributions if services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated materials are valued as of the date of contribution and recognized accordingly. The Organization did not receive contributed nonfinancial assets that consisted of donated materials and services during the years ended June 30, 2025 and 2024.

Income Tax Status

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, 2025, the Organization has incurred an accumulated net operating loss carryforward of approximately \$37,986. 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.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be

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**Note 2: Summary of Significant Accounting Policies, continued**

Comparative Financial Information, continued

read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

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 January, 1, 2023.

**Note 3: Availability and Liquidity**

The following represents the Organization's financial resources available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of June 30:

	<u>2025</u>	<u>2024</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 941,602	\$ 1,503,258
Accounts receivable	23,440	8,900
Contributions receivable	310,191	549,590
Investments, short-term	475,000	-
Investments – donor restricted	280,518	48
Investments – board designated endowment	<u>500,000</u>	<u>500,000</u>
Total financial assets	2,530,751	2,561,796
Less amounts not available to be used within one year:		
Contributions receivable	-	258,569
Assets subject to donor restrictions	280,518	383,040
Investments – board designated endowment	<u>500,000</u>	<u>500,000</u>
Total amounts unavailable	<u>780,518</u>	<u>1,141,609</u>
Financial resources available to meet general expenditures over the next twelve months	<u><b>\$ 1,750,233</b></u>	<u><b>\$ 1,420,187</b></u>

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

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**Note 3: Availability and Liquidity, continued**

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, 2025 and 2024, the level of liquidity and reserves was managed within these guiding principles.

**Note 4: Fair Value of Investments**

The Organization has adopted the provisions of *Fair Value Measurements*, which provides a framework for measuring fair value under U.S. GAAP. This framework defines fair values, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. Under this guidance, assets and liabilities are grouped in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobserved assumptions reflect the instrument's own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

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 deposits 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, 2025 and 2024.

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**Note 4: Fair Value of Investments, continued**

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.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2025</u>
Certificate of deposit	\$ -	\$ 975,000	\$ -	\$ 975,000
Equity investments	<u>280,518</u>	<u>-</u>	<u>-</u>	<u>280,518</u>
Total investments	<u>\$ 280,518</u>	<u>\$ 975,000</u>	<u>\$ -</u>	<u>\$ 1,255,518</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2024</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 for financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

**Note 5: Property and Equipment**

Property and equipment consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Software	\$ 389,383	\$ 389,383
Equipment	<u>80,645</u>	<u>73,577</u>
	470,028	462,960
Less accumulated depreciation	<u>(398,401)</u>	<u>(364,774)</u>
Total	<u>\$ 71,627</u>	<u>\$ 98,186</u>

Depreciation expense totaled \$33,627 and \$79,774 for the years ended June 30, 2025 and 2024, respectively. Amortization of software is included in depreciation expense.

**Note 6: Right-of Use Assets**

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

	<u>2025</u>	<u>2024</u>
Right-of-use assets under operating leases (equipment)	\$ 47,853	\$ 14,281
Right-of-use assets under operating leases (office space)	<u>617,259</u>	<u>617,259</u>
	665,112	631,540

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**Note 6: Right-of Use Assets, continued**

Less: accumulated amortization	(477,392)	(389,313)
Net right-of-use assets	<u>\$ 187,720</u>	<u>\$ 242,227</u>

Amortization of the right-of-use assets for each of the years ended June 30, 2025 and 2024, was \$88,079 and \$75,108, respectively.

**Note 7: 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>2025</u>	<u>2024</u>
Endowment net assets, beginning of year	500,000	500,000
Additions	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 500,000</u>	<u>\$ 500,000</u>

*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 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

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**Note 7: Board- Designated Endowment Fund, continued**

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.

**Note 8: Net Assets With Donor Restrictions**

	<u>Balance at</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance at</u> <u>June 30, 2025</u>
<u>Time restricted:</u>				
Grants and pledges receivable	\$ 549,680	\$ -	\$ 206,765	\$ 342,915
<u>Purpose restricted:</u>				
Innovation circles	250,721	2,500	-	253,221
Other foundations	-	525,000	128,250	396,750
Accreditation funds	6,700	2,700	-	9,400
Disaster relief	13,335	3,790	8,000	9,125
Equine service for heroes	2,927	100	-	3,027
Regional speakers	15,059	-	-	15,059
Rider's assistance fund	26,650	1,400	-	28,050
Scholarships	67,648	5,550	3,875	69,323
National Philanthropic Trust	-	300,000	244,975	55,025
	<u>\$ 932,720</u>	<u>\$ 841,040</u>	<u>\$ 591,865</u>	<u>\$ 1,181,895</u>
	<u>Balance at</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance at</u> <u>June 30, 2024</u>
<u>Time restricted:</u>				
Grants and pledges receivable	\$ 46,381	\$ 549,680	\$ 46,381	\$ 549,680
<u>Purpose restricted:</u>				
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
Innovations Circles	-	277,209	26,488	250,721
	<u>\$ 175,366</u>	<u>\$ 836,598</u>	<u>\$ 79,244</u>	<u>\$ 932,720</u>

**Note 9: Recognition of Revenue from Contracts**

The Organization recognizes revenue in accordance with U.S. GAAP, and commence revenue recognition when all of the following conditions are satisfied:

- There is persuasive evidence of an arrangement;
- the product has been delivered or the services performed;

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**Note 9: Recognition of Revenue from Contracts, continued**

- the amount of fees to be paid by members and customers are fixed or determinable; the collection of fees is reasonably assured.

The Organization recognizes revenues based on the satisfaction of the performance of services as determined in contracts with participants. Determining whether and when these criteria have been satisfied involves exercising judgment and using estimates and assumptions that can have a significant impact on the timing and amount of revenue that the Organization recognizes.

*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.

	<u>2025</u>	<u>2024</u>
Accounts receivable, beginning of year	\$ 8,900	\$ 11,000
Accounts receivable, end of year	\$ 23,440	\$ 8,900
Contract liabilities, beginning of year	\$ 584,092	\$ 602,195
Contract liabilities, end of year	\$ 603,801	\$ 584,092

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

**Note 10: Operating Lease Obligations**

The Organization leases equipment office space under long-term, noncancelable lease agreements. The leases expire between October 24, 2026 and January 9, 2029 and provide for renewal options. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Additionally, the agreements require that the Organization pay real estate taxes, insurance, repairs and certain operating expenses.

The following table provides quantitative information concerning the Organization's leases as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating lease agreement for commercial facility in Westminster, Colorado; monthly payment of \$6,985 as of June 30, 2025; 62-month lease term expiring April 2027.	\$ 169,569	\$ 247,226

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**Note 10: Operating Lease Obligations, continued**

Operating lease agreement for mail equipment; monthly payment of \$230 as of June 30, 2025; 60- month lease term expiring October 2026

	<u>7,485</u>	<u>10,002</u>
Total	200,018	257,228
Less current portion, discounted	<u>(91,740)</u>	<u>(80,155)</u>
Operating lease obligations, net of current portion net of unamortized present value discount	<u>\$ 108,278</u>	<u>\$ 177,073</u>

Future annual undiscounted minimum lease payments required under the non-cancelable leases are as follows at June 30, 2025:

<u>Year ended June 30:</u>	<u>Present value discount</u>	<u>Present value discount</u>	<u>Net of unamortized discount</u>
2026	\$ 96,121	\$ 4,844	\$ 91,277
2027	98,418	1,491	96,927
2028	9,542	863	8,679
2029	<u>3,622</u>	<u>487</u>	<u>3,135</u>
	<u>\$ 207,703</u>	<u>\$ 7,685</u>	<u>\$ 200,018</u>

**Note 11: Concentrations of Credit Risk**

*Bank Deposits:* At certain times during the years ended June 30, 2025 and 2024, 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, 2025 and 2024, one donor comprised approximately 81 % and 96% of the Organization's total receivables, respectively.

*Support and Revenue:* The Organization has certain concentrations in specific revenue categories; these concentrations represent 10% or more of total revenues. PATH received a significant portion of its revenue and support from the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Grants and contributions (34% and 35%)	\$ 1,088,307	\$ 1,242,139
Membership dues (29% and 27%)	946,521	998,100
Credentialing and accreditation (19% and 20%)	616,250	738,762
Conferences (5% and 11%)	168,234	419,512

**Note 12: 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 \$15,000 of their annual compensation. The Organization provides a matching contribution to the plan of up to 3% of the employee's annual compensation. The Organization contributed \$24,840 and \$14,790 to the plan for the years ended June 30, 2025 and 2024, respectively.

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**Note 13: Reclassifications**

Certain reclassifications have been made to the June 30, 2024 financial statement presentation to correspond to the current year's format. Total change in net assets is unchanged due to these reclassifications.

**Note 14: 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 November 14, 2025, the date at which the financial statements were available for release.