

**Fiorita Kornhaas  
& Company, PC**

Certified Public Accountants and Advisors

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**Pegasus Therapeutic Riding, Inc.**

**FINANCIAL STATEMENTS**

For the Years Ended August 31, 2023 and 2022

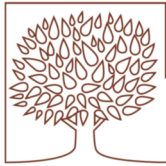
With Independent Auditor's Report

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PEGASUS THERAPEUTIC RIDING, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Pegasus Therapeutic Riding, Inc.

### **Opinion**

We have audited the accompanying financial statements of Pegasus Therapeutic Riding, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of August 31, 2023, and the related statements of revenues, expenses, and other changes in net assets, functional expenses, and cash flows – modified cash basis 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 assets, liabilities, and net assets of Pegasus Therapeutic Riding, Inc., as of August 31, 2023, and its revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pegasus Therapeutic Riding, Inc. 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.

### **Basis of Accounting**

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 Pegasus Therapeutic Riding, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that

an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pegasus Therapeutic Riding, Inc.'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 Pegasus Therapeutic Riding, Inc.'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.

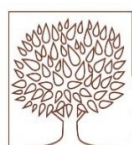
### **Report on Summarized Comparative Information**

We have previously audited Pegasus Therapeutic Riding, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Fiorita, Kornhaas & Company, PC*

Fiorita, Kornhaas, & Company, P.C.  
Certified Public Accountants

Danbury, Connecticut  
January 3, 2024



Fiorita Kornhaas  
& Company, PC

Certified Public Accountants and Advisors

PEGASUS THERAPEUTIC RIDING, INC.

Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis

As of August 31, 2023 and 2022

<b>Assets</b>	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 332,453	\$ 299,786
Total current assets	<u>332,453</u>	<u>299,786</u>
Investments	276,447	241,699
Property and equipment, net	4,514,405	4,631,050
Other assets	<u>750</u>	<u>750</u>
Total assets	<u>\$ 5,124,055</u>	<u>\$ 5,173,285</u>
 <b>Liabilities and Net Assets</b>		
Current liabilities		
Credit cards and other payables	\$ 10,820	\$ 15,910
Deferred revenue	<u>-</u>	<u>2,516</u>
Total current liabilities	10,820	18,426
Net assets		
Net assets without donor restrictions	4,867,633	4,929,257
Net assets with donor restrictions	<u>245,602</u>	<u>225,602</u>
Total net assets	<u>5,113,235</u>	<u>5,154,859</u>
Total liabilities and net assets	<u>\$ 5,124,055</u>	<u>\$ 5,173,285</u>

See independent auditor's report and accompanying notes.

PEGASUS THERAPEUTIC RIDING, INC.

Statements of Revenues, Expenses, and Other Changes in Net Assets - Modified Cash Basis

For the Year Ended August 31, 2023  
(With Summarized Financial Information for 2022)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2023 <u>Totals</u>	2022 <u>Totals</u>
Revenues				
Contributions and grants				
Cash and other financial assets	\$ 969,047	\$ 20,000	\$ 989,047	\$ 928,203
In-kind donations	4,900	-	4,900	2,380
Program service fees	188,944	-	188,944	153,840
Net special event revenue	136,046	-	136,046	84,571
Other income	2,876	-	2,876	152
Total investment income (loss), net	<u>37,464</u>	<u>-</u>	<u>37,464</u>	<u>(10,290)</u>
Total revenues	<u>1,339,277</u>	<u>20,000</u>	<u>1,359,277</u>	<u>1,158,856</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and net assets released	1,339,277	20,000	1,359,277	1,158,856
Expenses				
Program services	1,056,351	-	1,056,351	1,041,548
Management and general	132,255	-	132,255	142,951
Fundraising services	<u>212,295</u>	<u>-</u>	<u>212,295</u>	<u>206,784</u>
Total expenses	<u>1,400,901</u>	<u>-</u>	<u>1,400,901</u>	<u>1,391,283</u>
(Decrease) increase in net assets	(61,624)	20,000	(41,624)	(232,427)
Net assets, beginning of year	<u>4,929,257</u>	<u>225,602</u>	<u>5,154,859</u>	<u>5,387,286</u>
Net assets, end of year	<u>\$ 4,867,633</u>	<u>\$ 245,602</u>	<u>\$ 5,113,235</u>	<u>\$ 5,154,859</u>

See independent auditor's report and accompanying notes.

PEGASUS THERAPEUTIC RIDING, INC.

Statements of Functional Expenses - Modified Cash Basis

For the Year Ended August 31, 2023  
(With Summarized Financial Information for 2022)

<u>EXPENSES</u>	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u> <u>Services</u>	<u>2023</u> <u>Totals</u>	<u>2022</u> <u>Totals</u>
Salaries	\$ 525,719	\$ 36,051	\$ 144,596	\$ 706,366	\$ 645,151
Employee benefits	35,424	3,240	9,023	47,687	86,789
Payroll taxes	44,736	2,964	11,875	59,575	56,238
Advertising	249	-	248	497	1,311
Bank charges and credit card fees	4,265	2,456	4,265	10,986	9,651
Business development	-	-	1,696	1,696	1,721
Computer supplies	-	319	-	319	1,154
Conferences and seminars	399	202	218	819	574
Database support	-	-	2,106	2,106	2,638
Depreciation	190,451	5,976	5,976	202,403	216,220
Dues and subscriptions	4,350	2,010	768	7,128	6,860
Equipment rental	3,109	874	874	4,857	4,823
Fees and permits	-	635	-	635	835
Horse expense	127,423	-	-	127,423	126,271
Insurance	26,991	3,764	5,534	36,289	33,381
Payroll processing fees	1,216	81	325	1,622	430
Postage and delivery	763	201	2,655	3,619	4,258
Printing	2,113	300	8,845	11,258	8,565
Professional fees	10,000	49,124	-	59,124	56,478
Program workshop costs	1,077	539	539	2,155	124
Repairs and maintenance	41,927	10,038	183	52,148	77,169
Security services	202	303	-	505	1,921
Supplies and other	11,511	4,440	3,472	19,423	12,440
Telephone and internet	7,121	2,334	2,735	12,190	10,002
Travel	3,844	1,641	1,875	7,360	604
Utilities	12,007	4,763	4,002	20,772	16,794
Web site expense	1,454	-	485	1,939	8,881
Total expenses	<u>\$ 1,056,351</u>	<u>\$ 132,255</u>	<u>\$ 212,295</u>	<u>\$ 1,400,901</u>	<u>\$ 1,391,283</u>

See independent auditor's report and accompanying notes.

PEGASUS THERAPEUTIC RIDING, INC.

Statements of Cash Flows - Modified Cash Basis

For the Years Ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ (41,624)	\$ (232,427)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	202,403	216,220
(Gain) loss on investments, net	(34,748)	10,829
Changes in:		
Credit cards and accounts payable	(5,090)	(4,010)
Deferred revenue	(2,516)	(734)
Net cash provided (used in) by operating activities	<u>118,425</u>	<u>(10,122)</u>
Cash flows from investing activities		
Purchases of property and equipment, net	(85,758)	(17,936)
Sale (purchase) of investments, net	(8,801)	1,821
Net cash used in investing activities	<u>(94,559)</u>	<u>(16,115)</u>
Net increase (decrease) in cash and cash equivalents	23,866	(26,237)
Cash and cash equivalents, beginning of year	<u>346,001</u>	<u>372,238</u>
Cash and cash equivalents, end of year	<u>\$ 369,867</u>	<u>\$ 346,001</u>
Reconciliation of cash and cash equivalents to statements of assets, liabilities, and net assets - modified cash basis:		
Cash and cash equivalents	\$ 332,453	\$ 299,786
Cash and cash equivalents included in investments	37,414	46,215
	<u>\$ 369,867</u>	<u>\$ 346,001</u>
<u>Supplemental disclosure of cash flow information:</u>	<u>2023</u>	<u>2022</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report and accompanying notes.



Note 1: NATURE OF ACTIVITIES

Pegasus Therapeutic Riding, Inc. ("the Organization"), a nonprofit corporation, was incorporated in the State of Connecticut in 1975. Pegasus provides therapeutic benefits of equine-assisted activities to people with special needs, military veterans and at-risk individuals, including disadvantaged youth and abuse survivors. Pegasus receives the majority of its support from public donations, program service fees, special events, and grants. Pegasus obtained authority to operate in the State of New York on May 8, 2007 in conjunction with the purchase of their permanent facility.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (US GAAP) and, accordingly, recognizes revenue when it is received and expenses when disbursed. Further, lease payments are expensed when incurred and no right of use asset or lease liability is recognized on the balance sheet.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with the modified cash basis of accounting which requires reporting of information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and the board of directors.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions or by the 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, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of revenues, expenses, and other changes in net assets.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See independent auditor's report.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue from contributions are recognized when cash, securities or other assets are received. Revenue from program services, special events, and other income are recognized when cash is received.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization maintains deposits in federally insured institutions which, at times, can be in excess of the federally insured limits. Management, however, believes the Organization is not exposed to significant credit risk due to the high credit quality of the depository institutions in which those deposits are held.

Pegasus received \$775,750 and \$756,410 of contributions from a single donor for the years ending August 31, 2023 and 2022, respectively.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of assets, liabilities, and net assets, and changes in fair value are reported as investment return in the statements of revenues, expenses, and other changes in net assets.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Fair Value

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. The modified cash basis of accounting establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value 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 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

See independent auditor's report.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value (continued)

- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
  - Quoted prices for identical or similar assets in non-active markets;
  - Inputs other than quoted prices that are observable for the asset/liability; and,
  - Inputs that are derived principally from or corroborated by other observable market data.

- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Property and Equipment, net

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The useful lives range from 7 to 40 years, except horses which are depreciated using 25% of the declining balance of net book value. Pegasus Therapeutic Riding, Inc.'s policy is to capitalize property and equipment acquired for greater than \$2,500 and expense normal repairs and maintenance as incurred. Pegasus Therapeutic Riding Inc.'s management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of revenues, expenses, and other changes in net assets.

Contributed property and equipment are recorded as fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

See independent auditor's report.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-Kind Contributions

The Organization recognized the following in-kind contributions for the years ended August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Accounting services provided by firm of board member	\$ 4,900	\$ 2,380
	<u>\$ 4,900</u>	<u>\$ 2,380</u>

Accounting services provided by firm of board member

Bookkeeping and accounting services that cannot be provided by in-house Pegasus staff. The services are discounted at 10% off the firm's standard hourly rates.

There were no restricted in-kind contributions for the years ended August 31, 2023 and 2022.

Contributed Services

The Organization receives a substantial amount of services donated by its members in carrying out the Organization's services. Only contributed services that create or enhance non-financial assets or require specialized skills that would otherwise be purchased by the Organization are recognized as revenue on the financial statements.

Advertising Costs

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when disbursed. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. Advertising expense for the years ended August 31, 2023 and 2022 were \$497 and \$1,311, respectively.

Tax Exempt Status

The Organization is currently exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes is presented in these financial statements. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior Year Summarized Financial Information

The financial statements include prior year summarized financial information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Organization's audited financial statements as of the year ended August 31, 2022, from which the summarized information was derived.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis and may be updated as necessary.

<u>Expense</u>	<u>Method of Allocation</u>
Salaries, employee benefits and payroll taxes	Time and effort.
Depreciation of the office building and improvements, office furniture, fixtures and computer equipment	94% to program services, 3% to management and general, and 3% to fundraising.
Certain expenses included in insurance	70% to program services, 15% to management and general, and 15% to fundraising.
Certain expenses included in telephone and internet	60% to program services, 20% to management and general, and 20% to fundraising.
Certain consulting fees included in professional fees	Based on time and effort of consultants.
All other	Invoices are individually allocated based on management review.

Subsequent Events

The Organization has evaluated subsequent events through January 3, 2024, the date which the financial statements were available to be issued. Through that date, there were no material events that would require recognition or additional disclosure in the financial statements.

PEGASUS THERAPEUTIC RIDING, INC.

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

Note 3: AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at August 31, 2023 and 2022:

Cash and cash equivalents	\$	<u>2023</u> 332,453	\$	<u>2022</u> 299,786
Investments		276,447		241,699
Total financial assets		<u>608,900</u>		<u>541,485</u>
Less amounts not available to be used for general expenditures:				
Net assets with donor restrictions		<u>245,602</u>		<u>225,602</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u>363,298</u>	\$	<u>315,883</u>

The Organization's goal is generally to maintain liquid financial assets to meet at least one month of operating expense. The Organization prepares an annual budget which is presented to the board of directors for approval.

Note 4: INVESTMENTS

The following is a summary of investments at August 31, 2023 and 2022:

		<u>2023</u>		<u>2022</u>
Cash and cash equivalents	\$	37,414	\$	46,215
Common Stock		172,494		135,551
Real Estate Investment Trusts		-		1,367
Mutual Funds		29,978		23,219
Exchange Traded Products		36,561		35,347
Total investments at fair value	\$	<u>276,447</u>	\$	<u>241,699</u>

As of August 31, 2023 and 2022, all investments were considered level 1 investments.

The following schedule summarizes investment returns and their classification in the statements of revenues, expenses, and other changes in net assets for the years ended August 31, 2023 and 2022:

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals
Interest and dividends	\$ 8,489	\$ -	\$ 8,489	\$ 5,521
Unrealized gain (loss) on investments	29,335	-	29,335	(13,479)
Investment fees	(360)	-	(360)	(2,332)
	<u>\$ 37,464</u>	<u>\$ -</u>	<u>\$ 37,464</u>	<u>\$ (10,290)</u>

See independent auditor's report.

PEGASUS THERAPEUTIC RIDING, INC.

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

Note 5: PROPERTY AND EQUIPMENT

Property and equipment consists of the following at August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 463,224	\$ 463,224
Building and improvements	5,634,098	5,563,328
Equipment	118,310	116,069
Vehicles	12,746	-
Horses	336,000	336,000
	<u>6,564,378</u>	<u>6,478,621</u>
Less: Accumulated depreciation	<u>(2,049,973)</u>	<u>(1,847,571)</u>
	<u>\$ 4,514,405</u>	<u>\$ 4,631,050</u>

Depreciation expense of \$202,403 and \$216,220 is recorded for the years ended August 31, 2023 and 2022.

Note 6: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions for the years ended August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 4,867,633	\$ 4,929,257
	<u>\$ 4,867,633</u>	<u>\$ 4,929,257</u>

Note 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for the years ended August 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<u>To be invested in perpetuity</u>		
Michele Arnhold Endowment Fund	\$ 79,451	\$ 79,451
Tudor Fund	100,000	100,000
Westport/Weston Fund	10,000	10,000
Total donor endowed funds	<u>189,451</u>	<u>189,451</u>
<u>To be released for specific purpose</u>		
Program Endowment	36,151	36,151
Capital Project	20,000	-
	<u>\$ 245,602</u>	<u>\$ 225,602</u>

See independent auditor's report.

PEGASUS THERAPEUTIC RIDING, INC.

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

Note 8: SPECIAL EVENTS

Special event revenue is reported net of expenses and consists of the following amounts for the year ended August 31, 2023:

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Horse show	\$ 27,608	\$ 8,870	\$ 18,738
Other events	6,405	4,696	1,709
Merchandise sales	421	1,756	(1,335)
Old Salem farm	100	620	(520)
Gala	143,967	51,694	92,273
Polo event	63,701	38,520	25,181
	<u>\$ 242,202</u>	<u>\$ 106,156</u>	<u>\$ 136,046</u>

Special event revenue is reported net of expenses and consists of the following amounts for the year ended August 31, 2022:

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Horse show	\$ 39,920	\$ 6,603	\$ 33,317
Other events	1,382	2,745	(1,363)
Merchandise sales	174	-	174
Old Salem farm	-	1,051	(1,051)
Gala	84,872	26,217	58,655
Polo event	43,490	48,651	(5,161)
	<u>\$ 169,838</u>	<u>\$ 85,267</u>	<u>\$ 84,571</u>

Note 9: COMMITMENTS

Pegasus uses various horses in its equine assisted activities and riding programs that are leased at no charge in exchange for the care and maintenance of the horse. When the horse is no longer needed by Pegasus, the arrangement is terminated and the horse is returned to its owner.

Pegasus leases office equipment under various operating lease agreements expiring through October 2025. Rent expense relating to these leases for the year ending August 31, 2023 was \$4,857.

Future minimum operating lease payments required for the years ended August 31, are as follows:

2024	\$ 3,782
2025	3,782
2026	630
	<u>\$ 8,194</u>

See independent auditor's report.



Note 10: RELATED PARTY TRANSACTIONS

An officer of Pegasus posted cash collateral required by HSBC Bank, USA to secure a bond posted with the Town of Southeast, New York in connection with a Pegasus construction project. The bond is renewed annually in the amount of \$249,600. Work was completed in January 2022 and the bond was released on February 3, 2022.

The following related party transactions were noted between the Organization and companies where board members have an ownership interest:

	<u>2023</u>		<u>2022</u>
Accounting services	\$ 17,900	\$	15,080
Construction management services	\$ 21,907	\$	2,800

For the years ended August 31, 2023 and 2022, accounting services include in-kind donated services of \$4,900 and \$2,380, respectively.

Note 11: CONSULTANTS PAID DIRECTLY BY BOARD MEMBER

For the years ended August 31, 2023 and 2022, \$14,000 and \$10,000, respectively, of professional fees has been recognized for consulting services paid directly by an officer of Pegasus with the corresponding offset to contribution revenue.