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STABLE-SPIRIT

FINANCIAL STATEMENTS

December 31, 2023

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**STABLE-SPIRIT  
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of  
Stable-Spirit  
295 Flamingo St  
Rose City, TX 77662

We have reviewed the accompanying financial statements of Stable-Spirit (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Stable-Spirit and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

**Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Lawrence, Blackburn, Meek, Maxey & Co.*

Beaumont, Texas  
July 8, 2024

**STABLE SPIRIT**  
**STATEMENT OF FINANCIAL POSITION**  
As of December 31, 2023

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$	74,112
Accounts receivable		13,100
Operating right-of-use asset		4,376
Prepaid expenses		361
		91,949
Total current assets		91,949

**PROPERTY AND EQUIPMENT:**

Horses		20,850
Buildings		7,841
Office equipment and furniture		9,735
Machinery and equipment		51,930
Leasehold improvements		24,748
		115,104
Total property and equipment		115,104
Less: accumulated depreciation and amortization		(46,957)
Net property and equipment		68,147

<b>TOTAL ASSETS</b>	<b>\$</b>	<b>160,096</b>
		<b>160,096</b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Credit card payable	\$	330
Payroll liabilities		4,291
Operating lease liability current portion		4,376
		8,997
Total current liabilities		8,997

**NET ASSETS:**

Net assets without donor restrictions		93,911
Net assets with donor restrictions		57,188
		151,099
Total net assets		151,099

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>160,096</b>
		<b>160,096</b>

The accompanying notes are in integral part of these financial statements.

**STABLE SPIRIT**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND GAINS:</b>			
Service revenue	\$ 41,205	\$ -	\$ 41,205
Contributions	63,722	5,241	68,963
Grants	1,000	130,273	131,273
Fundraising income	68,539	-	68,539
Interest	51	-	51
Noncash contributions	12,189	-	12,189
Other income	3,027	-	3,027
Net assets released from restrictions	<u>143,008</u>	<u>(143,008)</u>	<u>-</u>
<b>Total Revenues</b>	<u>332,741</u>	<u>(7,494)</u>	<u>325,247</u>
<b>EXPENSES:</b>			
Program expenses	237,834	-	237,834
Management and general	71,352	-	71,352
Fundraising	<u>11,810</u>	<u>-</u>	<u>11,810</u>
<b>Total Expenses</b>	<u>320,996</u>	<u>-</u>	<u>320,996</u>
<b>Change in net assets</b>	11,745	(7,494)	4,251
<b>Net assets as of beginning of year</b>	<u>82,166</u>	<u>64,682</u>	<u>146,848</u>
<b>Net assets as of end of year</b>	<u>\$ 93,911</u>	<u>\$ 57,188</u>	<u>\$ 151,099</u>

The accompanying notes are an integral part of these financial statements.

**STABLE SPIRIT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2023

	Program Services	Fundraising	Management & General	Total
Salaries	\$ 82,458	\$ -	\$ 40,595	\$ 123,053
Payroll taxes	7,914	-	3,898	11,812
 Total personnel expenses	90,372	-	44,493	134,865
 Advertising and marketing	4,276	-	-	4,276
Computer and internet	-	-	1,086	1,086
Contract services	39,000	-	-	39,000
Depreciation and amortization	12,129	-	1,055	13,184
Dues and subscriptions	-	-	629	629
Equine expenses	70,451	-	-	70,451
Insurance	366	-	2,109	2,475
Miscellaneous	788	-	3,312	4,100
Occupancy	3,639	-	-	3,639
Postage and shipping	-	-	821	821
Professional fees	-	-	3,714	3,714
Rent	4,800	-	-	4,800
Repairs and maintenance	8,752	-	-	8,752
Supplies	3,261	11,810	3,275	18,346
Telephone	-	-	572	572
Training	-	-	10,286	10,286
 Total functional expenses	\$ 237,834	\$ 11,810	\$ 71,352	\$ 320,996

The accompanying notes are in integral part of these financial statements.

**STABLE SPIRIT**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2023

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 4,251
Adjustments to reconcile change in net assets to net cash provided by operation activities:	
Depreciation & Amortization	13,184
(Increase) decrease in:	
Accounts receivable	1,473
Increase (decrease) in:	
Accounts payable and accrued expenses	330
Payroll liabilities	<u>4,291</u>
<b>NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	<u>23,529</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	<u>(29,540)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(29,540)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(6,011)
<b>CASH AND CASH EQUIVALENTS:</b>	
Beginning of year	<u>80,123</u>
End of year	<u><u>\$ 74,112</u></u>
<b>Noncash Activity</b>	
Right of use asset	\$ 4,376
Right of use liability	\$ (4,376)

The accompanying notes are an integral part of these financial statements.

STABLE SPIRIT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:**

Organization

Stable-Spirit (the Organization) is a nonprofit organization providing Equine Assisted Learning (EAL) services; such as Equine-Assisted Psychotherapy (EAP) to youth and adults with a special interest in providing mental health services to people experiencing the effects of crime, crisis, trauma, and other issues that may put them at risk. They also provide Equine Experiential Development (EED) to youth and adults with a special interest in providing skills building services to people wanting to improve their self-confidence, trust, and listening skills; learn better problem solving, team building, or communication skills. Another modality that is provided at Stable-Spirit is Hippotherapy; where individuals with special needs ride the horse, with their Physical, Speech or Occupational Therapist present, to assist in Genetic, Neurological, or Sensory Processing Disorders; Musculoskeletal, Speech, or Communication Dysfunctions; or Balance Difficulties. A third modality offered is Therapeutic Riding, which is teaching those with a disability to ride the horse.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in accordance 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.

Basis of Presentation

Accounting principles generally accepted in the United States of America requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

STABLE SPIRIT  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2023

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash in banks and all highly-liquid investments with a maturity of three months or less to be cash and cash equivalents.

Accounts Receivable

Accounts receivable represent amounts due from customers for services provided. The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Furniture and Equipment

Furniture and equipment with estimated useful lives greater than one year are recorded at cost if purchased or fair market value if donated. Depreciation is determined on the straight-line method over the estimated useful lives of the assets, which range from 5 to 10 years. Depreciation expense for the year ended was \$11,534.

Donated Services

The Organization receives a significant amount of donated time toward program services, administration and fundraising; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services at the respective fair value of the donated services received.

Revenue Recognition

The Organization recognizes revenues from equine therapy services as the services are provided to the customer.

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

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

STABLE SPIRIT  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2023

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Advertising

The Organization expenses the costs of advertising as incurred.

Income Tax Status

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of section 509 (a) of the code.

The Organization has adopted Financial Accounting Standards Board ("FASB") Accounting Standard Codification 740 regarding uncertain income tax positions on unrelated trade or business income. With respect to unrelated business activities in accordance with FASB ASC No. 740, the Organization evaluates its income tax positions each year to determine whether the Council's tax position is more likely than not to be sustained if examined by the applicable taxing authority. For the year ended December 31, 2023 the Organization has determined it did not have a material tax liability for uncertain tax positions.

Availability and liquidity

The Organization's financial assets available to meet general expenditures within one year includes cash and cash equivalents. At December 31, 2023, these financial assets available to meet general expenditures within one year totaled \$87,212. The Organization's liquidity goal is generally to maintain current financial assets at a minimum of 90 days of operating expenses.

New Accounting Standards

There were no newly adopted accounting standards that impacted the Organization for year ended December 31, 2023.

STABLE SPIRIT  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2023

**NOTE 2 - EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through July 8, 2024, the date which the financial statements were available to be issued. In January 2023, the Organization was notified by the Texas Workforce Commission they were going to be audited for independent contractor payments subject to unemployment taxes for the years 2020, 2021 and 2022. As of the date of these financial statements there has been no resolution, therefore; no amounts have been accrued as there is no reasonable estimate.

**NOTE 3 - DONATED PROFESSIONAL SERVICES AND SUPPLIES**

During the year ended December 31, 2023, the following donated professional services and materials were received.

	Equine Care	Management and General	Total
Equine food and services	\$ 8,180	\$ -	\$ 8,180
Accounting services	-	290	290
Other	3,703	16	3,719
	\$ 11,883	\$ 306	\$ 12,189

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. All gifts-in-kind received by the Organization for the year ended December 31, 2023 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

**NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2023 consisted of grants for program services that had not been used at year end.

**NOTE 5 - LEASES**

The Organization leases certain real property under a long-term operating lease agreement. The lease expires November 30, 2024. The operating lease provides for increases in future minimum annual rental payments which are not determinable and are not included in the measurement of lease assets and liabilities.

The following summarizes the line items in the statement of financial position which include amounts for operating leases as of December 31, 2023:

Operating lease right-of-use assets	\$ 4,376
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STABLE SPIRIT  
NOTES TO FINANCIAL STATEMENTS (continued)  
December 31, 2023

**NOTE 5 - LEASES (continued)**

Current portion of long-term debt and operating lease liability	<u>\$ 4,376</u>
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The components of operating lease expenses that are included in occupancy costs in the statement of functional expenses for the year ended December 31, 2023 are as follows:

Operating lease cost	<u>\$ 4,800</u>
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The following summarizes the cash flow information related to operating leases for the year ended December 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows for operating leases	<u>\$ 4,800</u>
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Weighted average lease term and discount rate as of December 31, 2023 were as follows:

Weighted average remaining lease term	1 year
Weighted average discount rate	0.09%

The maturities of operating lease liabilities as of December 31, 2023, were as follows:

2024	<u>\$ 4,400</u>
Total lease payments	4,400
Less: Interest	(75)
Present value of lease liability	<u>\$ 4,325</u>