



**GIANT
STEPS**
Therapeutic
Equestrian Center

Giant Steps Therapeutic Equestrian Center, Inc.

For the years ended June 30, 2021 and 2020 (reviewed)

*Financial Statements
and
Independent Auditor's Report*



PISENTI & BRINKER LLP
Certified Public Accountants & Advisors

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Independent Auditor's Report

Board of Directors
Giant Steps Therapeutic Equestrian Center, Inc.
Santa Rosa, California

We have audited the accompanying financial statements of Giant Steps Therapeutic Equestrian Center, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2021, the related statement of activities, functional expenses and cash flows for the twelve months then ended, and the related notes to the financial statements (collectively, the "financial statements").

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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 the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, 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.

Independent Auditor's Report (continued)

Report on 2020 Financial Statements

The financial statements of the Organization, as of and for the year ended June 30, 2020, were reviewed by us and our report thereon, dated February 12, 2021, stated that, based on our procedures, we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 did not express such an opinion.

A handwritten signature in blue ink that reads "Puseati & Brinker LLP". The signature is written in a cursive, flowing style.

Santa Rosa, California
December 31, 2021

Giant Steps Therapeutic Equestrian Center, Inc.
Statements of Financial Position

| June 30, | 2021 | 2020 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 550,253 | \$ 719,148 |
| Pledges receivable | 10,659 | 20,502 |
| Accounts receivable | 7,206 | 6,130 |
| Prepaid expenses | - | 3,097 |
| Total current assets | 568,118 | 748,877 |
| Non-current assets | | |
| Investments | 2,837,287 | 1,276,304 |
| Property, equipment and improvements, net | 426,830 | 480,418 |
| Total non-current assets | 3,264,117 | 1,756,722 |
| Total assets | \$ 3,832,235 | \$ 2,505,599 |
| Liabilities and net assets | | |
| Current liabilities | | |
| Accounts payable | \$ 450 | \$ 3,197 |
| Accrued liabilities | 29,990 | 4,271 |
| Accrued vacation | 41,296 | 33,848 |
| Current portion of Paycheck Protection Program loan | - | 39,438 |
| Total current liabilities | 71,736 | 80,754 |
| Long-term liabilities | | |
| Paycheck Protection Program loan, net of current maturities | - | 63,362 |
| Net assets | | |
| Without donor restrictions | 3,749,840 | 2,340,981 |
| With donor restrictions | 10,659 | 20,502 |
| Total net assets | 3,760,499 | 2,361,483 |
| Total liabilities and net assets | \$ 3,832,235 | \$ 2,505,599 |

Giant Steps Therapeutic Equestrian Center, Inc.
Statement of Activities

Year Ended June 30, 2021

| | Without Restrictions | With Donor Restrictions | Total |
|--|-------------------------|----------------------------|---------------------|
| Revenues, gains and other support | | | |
| Contributions | \$ 1,220,253 | \$ 217,223 | \$ 1,437,476 |
| Program fees, net of discount | 62,615 | - | 62,615 |
| Paycheck Protection Program loan forgiveness | 102,800 | - | 102,800 |
| Special event revenue, net of \$25,653 of expenses | 217,497 | - | 217,497 |
| In-kind services and goods | 24,766 | - | 24,766 |
| Investment income, net | 475,982 | - | 475,982 |
| Total revenues, gains and other support | 2,103,913 | 217,223 | 2,321,136 |
| Net assets released from restrictions: | | | |
| Satisfaction of purpose restrictions | 206,564 | (206,564) | - |
| Satisfaction of time restrictions | 20,502 | (20,502) | - |
| Total revenue, gains and other support | 2,330,979 | (9,843) | 2,321,136 |
| Expenses | | | |
| Program services | 661,208 | - | 661,208 |
| Fundraising | 132,333 | - | 132,333 |
| General and administrative | 128,579 | - | 128,579 |
| Total expenses | 922,120 | - | 922,120 |
| Change in net assets | 1,408,859 | (9,843) | 1,399,016 |
| Net assets at beginning of year | 2,340,981 | 20,502 | 2,361,483 |
| Net assets at end of year | \$ 3,749,840 | \$ 10,659 | \$ 3,760,499 |

See accompanying Notes to Financial Statements

Giant Steps Therapeutic Equestrian Center, Inc.
Statement of Activities

Year Ended June 30, 2020 (reviewed)

| | Without Restrictions | With Donor Restrictions | Total |
|--|-------------------------|----------------------------|---------------------|
| Revenues, gains and other support | | | |
| Contributions | \$ 205,106 | \$ 338,710 | \$ 543,816 |
| Program fees, net of discount | 133,728 | - | 133,728 |
| Special event revenue, net of \$75,897 of expenses | 222,654 | - | 222,654 |
| In-kind services and goods | 44,802 | - | 44,802 |
| Investment income, net | 42,416 | - | 42,416 |
| Total revenues, gains and other support | 648,706 | 338,710 | 987,416 |
| Net assets released from restrictions: | | | |
| Satisfaction of purpose restrictions | 326,613 | (326,613) | - |
| Satisfaction of time restrictions | 2,000 | (2,000) | - |
| Total revenue, gains and other support | 977,319 | 10,097 | 987,416 |
| Expenses | | | |
| Program services | 649,162 | - | 649,162 |
| Fundraising | 199,651 | - | 199,651 |
| General and administrative | 129,095 | - | 129,095 |
| Total expenses | 977,908 | - | 977,908 |
| Change in net assets | (589) | 10,097 | 9,508 |
| Net assets at beginning of year | 2,341,570 | 10,405 | 2,351,975 |
| Net assets at end of year | \$ 2,340,981 | \$ 20,502 | \$ 2,361,483 |

See accompanying Notes to Financial Statements

Giant Steps Therapeutic Equestrian Center, Inc.
Statement of Functional Expenses

Year Ended June 30, 2021

| | Program Services | General and Administrative | Fundraising | Total |
|-------------------------------|---------------------|-------------------------------|-------------------|-------------------|
| Payroll and payroll taxes | \$ 356,932 | \$ 89,036 | \$ 124,936 | \$ 570,904 |
| Facility and horse management | 138,469 | - | - | 138,469 |
| Insurance | 50,753 | 5,836 | 4,923 | 61,512 |
| Depreciation expense | 55,324 | - | - | 55,324 |
| Legal and professional | 821 | 15,550 | - | 16,371 |
| Supplies and equipment | 11,143 | 3,604 | 594 | 15,341 |
| Outside services | 12,070 | 3,062 | - | 15,132 |
| Rent | 12,736 | 1,892 | - | 14,628 |
| Repairs and maintenance | 12,019 | - | - | 12,019 |
| Communications | 5,994 | 1,290 | - | 7,284 |
| Loss on disposal of equipment | - | 4,800 | - | 4,800 |
| Training and conference | 1,950 | - | - | 1,950 |
| Postage and delivery | - | 940 | 884 | 1,824 |
| Dues and subscriptions | 1,500 | - | - | 1,500 |
| Travel | - | 1,278 | - | 1,278 |
| Service fees | 813 | 74 | 307 | 1,194 |
| Tax and license | 498 | 400 | 20 | 918 |
| Advertising and promotion | - | 745 | - | 745 |
| Printing and reproduction | - | - | 638 | 638 |
| Utilities | 186 | - | - | 186 |
| Meals and entertainment | - | 72 | 31 | 103 |
| Total | \$ 661,208 | \$ 128,579 | \$ 132,333 | \$ 922,120 |

See accompanying Notes to Financial Statements

Giant Steps Therapeutic Equestrian Center, Inc.
Statement of Functional Expenses

Year Ended June 30, 2020 (reviewed)

| | Program Services | General and Administrative | Fundraising | Total |
|-------------------------------|---------------------|-------------------------------|-------------------|-------------------|
| Payroll and payroll taxes | \$ 295,991 | \$ 68,794 | \$ 172,066 | \$ 536,851 |
| Facility and horse management | 155,016 | 36 | - | 155,052 |
| Depreciation expense | 68,609 | - | - | 68,609 |
| Insurance | 57,772 | 150 | 6,667 | 64,589 |
| Supplies and equipment | 11,171 | 11,155 | 17,392 | 39,718 |
| Legal and professional | 2,408 | 26,001 | - | 28,409 |
| Repairs and maintenance | 23,335 | 405 | - | 23,740 |
| Rent | 11,773 | 11,300 | 530 | 23,603 |
| Communications | 10,694 | 250 | - | 10,944 |
| Outside services | 3,715 | 3,270 | - | 6,985 |
| Tax and license | 434 | 2,607 | 19 | 3,060 |
| Travel | 530 | 1,333 | 929 | 2,792 |
| Service fees | 2,256 | - | 384 | 2,640 |
| Postage and delivery | - | 1,588 | 949 | 2,537 |
| Dues and subscriptions | 1,785 | 360 | - | 2,145 |
| Utilities | 1,532 | 338 | - | 1,870 |
| Training and conference | 1,570 | - | - | 1,570 |
| Printing and reproduction | 37 | - | 715 | 752 |
| Advertising and promotion | - | 570 | - | 570 |
| Meals and entertainment | 454 | 113 | - | 567 |
| Recruitment | 80 | 405 | - | 485 |
| Meetings | - | 420 | - | 420 |
| Total | \$ 649,162 | \$ 129,095 | \$ 199,651 | \$ 977,908 |

See accompanying Notes to Financial Statements

Giant Steps Therapeutic Equestrian Center, Inc.
Statements of Cash Flows

| For the years ended | 2021 | 2020 |
|---|---|-------------------|
| | Increase (decrease) in cash and cash equivalents | |
| Cash flows from operating activities | | |
| Change in net assets | \$ 1,399,016 | \$ 9,508 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 55,324 | 68,609 |
| Net realized and unrealized gain on investments | (439,112) | (36,025) |
| Forgiveness of Paycheck Protection Program loan | (102,800) | - |
| Loss on disposal of equipment | 4,800 | - |
| (Increase) decrease in operating assets: | | |
| Prepaid expenses | 3,097 | 2,473 |
| Pledges receivable | 9,843 | 1,870 |
| Accounts receivable | (1,076) | (13,386) |
| Increase (decrease) in operating liabilities: | | |
| Accrued liabilities | 25,719 | 2,702 |
| Accounts payable | (2,747) | (5,910) |
| Accrued vacation | 7,448 | 3,269 |
| Net cash provided by operating activities | 959,512 | 33,110 |
| Cash flows from investing activities | | |
| Purchase of equipment | (6,536) | (43,896) |
| Net purchase of investments | (1,121,871) | (15,594) |
| Net cash used in investing activities | (1,128,407) | (59,490) |
| Cash flows from financing activities | | |
| Proceeds on Paycheck Protection Program loan | - | 102,800 |
| Net (decrease) increase in cash and cash equivalents | (168,895) | 76,420 |
| Cash and cash equivalents at beginning of year | 719,148 | 642,728 |
| Cash and cash equivalents at end of year | \$ 550,253 | \$ 719,148 |

Note A. Nature of Activities

Giant Steps Therapeutic Equestrian Center, Inc. (the “Organization”) was incorporated in 1997 under the laws of the State of California for the charitable purpose of bringing the proven benefits of therapeutic horseback riding to physically, developmentally, and/or cognitively disabled individuals. The Organization has since added groundbreaking programming for individuals living with emotional disabilities. The Organization is open to people of all ages with disabilities who reside in the bay area counties. It is a Premier Accredited Center Member of the Professional Association of Therapeutic Horsemanship (“PATH”) which provides safety standards to its members. The Organization’s instructors are certified by PATH. The Organization’s support comes primarily from special events, individual donors’ contributions and private grants. Giant Steps receives no government funding.

Note B. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization to meet the stipulations or that become unrestricted at the date specified by the donor or net assets subject to donor-imposed stipulations that are maintained permanently by the Organization. The income from these assets is available for either general operations or specific programs as specified by the donor.

Net Assets Released from Restriction – Net assets with donor restrictions are released to net assets without donor restrictions when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Cash and Cash Equivalents

Cash equivalents are considered to be short-term, highly liquid investments with original maturities of three months or less, except when a restriction is imposed which limits the investment's use to long-term. Cash is held in accounts at a financial institution, and cash balances may exceed the federally insured amounts during the year.

Note B. Summary of Significant Accounting Policies (continued)

Investments

Investments, which are comprised of mutual funds and exchange traded funds, are carried at fair value. Unrealized gains and losses are included in the statement of activities. Investment earnings restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the earnings are recognized.

Accounts Receivable

Accounts receivable represent amounts billed but not yet collected. The Organization uses the allowance method to reserve for uncollectible accounts. Management periodically evaluates the allowance. As of June 30, 2021 and 2020, management determined that no material allowance was necessary. It is the Organization's policy to write-off uncollectible accounts receivable when management determines the receivable will not be collected.

Property, Equipment and Improvements

Property, equipment and improvements are stated at cost. Depreciation is computed under the straight-line method over the estimated useful lives of the assets, which range from 3 to 20 years. Leasehold improvements are depreciated using the straight-line method over the lesser of the estimated useful lives or the term of the lease agreement during the year of acquisition. Donated property is recorded at the estimated fair value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted. It is the Organization's policy to capitalize property and equipment over \$2,500.

Revenue Recognition

Program fee revenue is recognized as revenue at the time the classes are held. Fees are discounted for select individuals as determined based on need using the United States Department of Housing and Urban Development's definition of Median Family Income for Sonoma County. For the years ended June 30, 2021 and 2020, discounts amounted to \$40,214 and \$62,237, respectively, which are netted against program fees.

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restriction.

Note B. Summary of Significant Accounting Policies (continued)

Contributions (continued)

Verifiable pledges for contributions are recorded as pledges receivable. Pledges receivable are recorded at net realizable value. The Organization uses the allowance method to reserve for uncollectible accounts and management periodically evaluates the allowance. As of June 30, 2021 and 2020, management determined that no material allowance was necessary.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the year received. Many individuals volunteer their time and perform a variety of tasks that assist the Organization in support of its programs and fundraising activities; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated services provided by instructors and the farrier were valued at \$23,526 and \$1,240 for the year ended June 30, 2021, respectively. Donated services provided by instructors and the farrier were valued at \$20,573 and \$24,229 for the year ended June 30, 2020, respectively. These services are recognized in the statement of activities as in-kind services and goods.

Functional Expense Allocation

The Organization allocates operational costs between program services, general and administrative and fundraising by utilizing a cost allocation policy that is updated and reviewed annually. The Organization applies several methods for allocating costs. Expenses that can be identified with the program are charged directly to that program as direct costs. Costs common to multiple functions have been allocated among the various functions benefited on the basis of periodic time and effort. General and administrative expenses include those costs that are not directly identifiable with the program, but which provide for the overall support and direction of the Organization. These costs are allocated to the functions using a base that results in an equitable distribution. The allocation is reflected in the statements of functional expenses.

Income Taxes

The Organization is a nonprofit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701(d). However, the Organization is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption, commonly referred to as unrelated business income. No income tax provision has been recorded since management determined that the Organization had no unrelated business income.

Note B. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Organization determines whether its tax positions are "more-likely-than-not" to be sustained upon examination by the applicable taxing authority based on the technical merits of the positions. As of June 30, 2021 and 2020, the Organization has reviewed its tax positions and has concluded no reserve for uncertain tax positions is required. The Organization's exempt organization information returns are subject to review through three years after the date of filing for federal and four years after the date of filing for state.

Fair Value of Investments

The carrying amount of financial instruments, including cash, investments, receivables, accounts payable, accrued expenses and current maturities of long-term obligations, approximates fair value.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support and expenses. The use of management's estimates primarily relates to the collectability of accounts and pledges receivable, depreciable lives of property, equipment and improvements, and indirect functional expense allocations. Actual results could differ from those estimates.

Future Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. This standard requires entities that lease assets to recognize on the statement of financial position, the assets and liabilities for the rights and obligations created by those leases. For nonpublic companies, the new guidance will be required for annual reporting periods beginning after December 15, 2021, and interim and annual reporting periods after those reporting periods. Nonpublic companies and organizations may elect early application, but no earlier than the effective date for public entities. The Organization is evaluating the impact of this standard on the financial statements.

New Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years beginning after December 15, 2019. The Organization adopted this standard, which did not have a significant impact on the financial statements.

Note B. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

In June 2018, the Financial Accounting Standards Board issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which distinguishes the difference between contributions and exchange transactions. ASU 2018-08 is effective for fiscal years beginning after December 15, 2019, with early application permitted. The Organization adopted this standard during the year ended June 30, 2021, which did not have a significant impact on the financial statements.

Note C. Fair Value Measurement

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Valuation based on quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Valuations based on pricing inputs that are other than quoted prices in active markets which are either directly or indirectly observable.

Level 3: Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques.

The categorization of an investment within the hierarchy is based on the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment.

The Organization's mutual fund investments are considered Level 1 investments. The fair value of the mutual funds are determined by the published net asset value per unit at the end of the last trading day of the fiscal year, which is the basis for transactions at that date. The fair value of the exchange-traded funds are determined by the published closing price on the last business day of the fiscal year.

Note D. Liquidity

Financial assets are considered unavailable due to donor-imposed restrictions or when the governing board has set aside funds for internal designations. Amounts available include donor-restricted amounts that will meet time restrictions within the next twelve months from the statement of position date that do not have purpose restrictions. The Organization operates with a balanced budget and anticipates covering its general expenditures with existing working capital and by maintaining and expanding existing programs and relationships with funders who have provided donations without restrictions and are willing to provide multi-year grants.

Giant Steps Therapeutic Equestrian Center, Inc.
Notes to Financial Statements

Years Ended June 30, 2021 and 2020 (reviewed)

Note D. Liquidity (continued)

The following reflects the Organization's financial assets reduced by amounts not available for general use within one year of the statement of financial position date:

| As of June 30, | 2021 | 2020 |
|--|-------------|-------------|
| Cash and cash equivalents | \$ 550,253 | \$ 719,148 |
| Pledges receivable | 10,659 | 20,502 |
| Accounts receivable | 7,206 | 6,130 |
| Investments | 2,837,287 | 1,276,304 |
| | 3,405,405 | 2,022,084 |
| Less funds unavailable for general expenditure within one year due to: | | |
| Donor imposed purpose restrictions | (10,659) | (20,502) |
| Funds available to meet expenditures within one year | 3,394,746 | 2,001,582 |
| Less funds unavailable to management without Board's approval | (2,837,287) | (1,276,304) |
| Funds available to management to meet expenditures within one year | \$ 557,459 | \$ 725,278 |

Note E. Investment Income

The following schedule summarizes the investment income and its classification in the statement of activities for the years ended:

| As of June 30, | 2021 | 2020 |
|---|------------|-----------|
| Net realized and unrealized gain on investments | \$ 439,112 | \$ 36,025 |
| Dividends and interest | 36,870 | 6,391 |
| Net investment income | \$ 475,982 | \$ 42,416 |

Years Ended June 30, 2021 and 2020 (reviewed)

Note F. Property, Equipment, and Improvements

Property, equipment and improvements consist of the following:

| As of June 30, | 2021 | 2020 |
|------------------------------|---------------|---------------|
| Leasehold improvements | \$ 987,285 | \$ 980,741 |
| Equipment | 107,334 | 107,333 |
| Website and software | 51,792 | 51,792 |
| Vehicles | 50,897 | 50,897 |
| Horses | 31,660 | 40,660 |
| Total depreciable assets | 1,228,968 | 1,231,423 |
| Accumulated depreciation | (802,138) | (751,005) |
| | \$ 426,830 | \$ 480,418 |

Depreciation expense for the years ended June 30, 2021 and 2020, amounted to \$55,324 and \$68,609 respectively.

Note G. Paycheck Protection Program Loan

In April 2020, the Organization received a loan pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (the "CARES Act") (P.L. 116-136) Paycheck Protection Program ("PPP") in the amount of \$102,800. The loan bears interest at 1% per annum and matures May 2022. Monthly required principal payments of \$5,789 commence December 2020 and continue through May 2022.

On November 2, 2020, the Organization received notification that the PPP loan was forgiven by the Small Business Administration. Therefore, the full amount of the loan has been recognized as revenue during the year ended June 30, 2021.

Note H. Net Assets Classifications

All general operating revenues and expenses related to the program activities of the Organization are included in the change in net assets with donor restrictions. From time-to-time donations received without donor restrictions are designated by the Organization's board of directors as board designated funds. The board designated funds consist of funds with no donor or legal restrictions, but through board resolutions have been set aside for specific purposes. At June 30, 2021 and 2020, \$2,837,287 and \$1,276,304 of net assets are board-designated for operating reserves, respectively.

Giant Steps Therapeutic Equestrian Center, Inc.
Notes to Financial Statements

Years Ended June 30, 2021 and 2020 (reviewed)

Note H. Net Assets Classifications (continued)

Net assets consist of the following as of June 30, 2021 and 2020:

| As of June 30, | 2021 | 2020 |
|--|--------------|--------------|
| With donor restrictions: | | |
| Time and purpose restricted, for periods after the years ended June 30, 2021 and 2020 | \$ 10,659 | \$ 20,502 |
| Without donor restrictions: | | |
| Designated by the Board for operating reserves | 2,837,287 | 1,276,304 |
| Undesignated | 912,553 | 1,064,677 |
| Total net assets without donor restrictions | 3,749,840 | 2,340,981 |
| Net assets | \$ 3,760,499 | \$ 2,361,483 |

Note I. Operating Leases

The Organization has an operating lease for the riding facility which expires in May 2024. The Organization has a five year renewable option to extend the lease to May 2029. Lease payments commence at \$3,100 per month, increasing \$50 per month on each anniversary date of the lease up to \$3,250.

The Organization leases equipment with an annual payment of \$4,644, expiring in May 2024.

Future minimum rental payments are as follows:

| Year ending June 30, | |
|----------------------|------------|
| 2022 | \$ 41,894 |
| 2023 | 42,494 |
| 2024 | 38,683 |
| | \$ 123,071 |

Note J. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and expect to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be on the Organization, the outbreak has not negatively affected the Organization's operations for the years presented as well as the period subsequent to year end through the issuance date of this report. The future impact of the outbreak is highly uncertain and cannot be predicted and therefore the Organization cannot estimate the ultimate impact on future financial results.

Note K. Subsequent Events

The Organization evaluated subsequent events as of December 31, 2021 the date which the financial statements were available to be issued.