

HEROES AND HORSES, INC.
AUDITED FINANCIAL STATEMENTS
December 31, 2023 and 2022



AMATICS
CPA GROUP

HEROES AND HORSES, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Heroes and Horses, Inc.
Manhattan, MT

Opinion

We have audited the accompanying financial statements of Heroes and Horses, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heroes and Horses, Inc., as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Heroes and Horses, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Heroes and Horses, 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.



Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Heroes and Horses, 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 Heroes and Horses, 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.



Bozeman, Montana
November 5, 2024

HEROES AND HORSES, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,016,304	\$ 3,285,506
Promises to give	519,678	502,125
Prepaid expenses	10,240	2,936
Investments	3,510,634	-
Other assets	553	542
	<u>6,057,409</u>	<u>3,791,109</u>
PROPERTY AND EQUIPMENT		
Buildings and improvements	2,618,308	1,736,646
Land	3,604,104	3,604,104
Livestock	192,618	179,118
Machinery and equipment	500,471	227,306
Vehicles and trailers	488,116	455,616
Assets under construction	267,471	466,110
	<u>7,671,088</u>	<u>6,668,900</u>
Less: accumulated depreciation	<u>(801,775)</u>	<u>(562,884)</u>
	<u>6,869,313</u>	<u>6,106,016</u>
	<u>\$ 12,926,722</u>	<u>\$ 9,897,125</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 77,116	\$ 43,392
Credit card payable	2,559	42,808
Payroll liabilities	20,922	13,155
Current portion of notes payable	42,878	41,571
	<u>143,475</u>	<u>140,926</u>
NOTES PAYABLE, net of current portion	<u>2,053,130</u>	<u>2,095,752</u>
NET ASSETS		
Without donor restrictions	8,201,266	7,215,827
With donor restrictions	2,528,851	444,620
	<u>10,730,117</u>	<u>7,660,447</u>
	<u>\$ 12,926,722</u>	<u>\$ 9,897,125</u>

See notes to financial statements.

HEROES AND HORSES, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Fundraising events	\$ 860,382	\$ -	\$ 860,382
Merchandise and goods	12,113	-	12,113
Donations	1,426,784	3,019,565	4,446,349
In-kind contributions	102,766	-	102,766
Investment income	71,606	-	71,606
Satisfaction of program restrictions	<u>935,334</u>	<u>(935,334)</u>	<u>-</u>
Total revenue and support	<u>3,408,985</u>	<u>2,084,231</u>	<u>5,493,216</u>
EXPENSES			
Program	1,697,485	-	1,697,485
Administration	237,804	-	237,804
Development	<u>483,711</u>	<u>-</u>	<u>483,711</u>
Total expenses	<u>2,419,000</u>	<u>-</u>	<u>2,419,000</u>
OTHER INCOME (EXPENSE)			
Gain on disposal of assets	5,876	-	5,876
Other income (expense)	<u>(10,422)</u>	<u>-</u>	<u>(10,422)</u>
Total other income (expense)	<u>(4,546)</u>	<u>-</u>	<u>(4,546)</u>
CHANGE IN NET ASSETS	985,439	2,084,231	3,069,670
Net assets at beginning of year	<u>7,215,827</u>	<u>444,620</u>	<u>7,660,447</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 8,201,266</u></u>	<u><u>\$ 2,528,851</u></u>	<u><u>\$ 10,730,117</u></u>

See notes to financial statements.

HEROES AND HORSES, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Fundraising events	\$ 602,299	\$ -	\$ 602,299
Merchandise and goods	19,967	-	19,967
Donations	1,542,688	2,365,788	3,908,476
In-kind contributions	308,461	-	308,461
Investment income	20,220	-	20,220
Satisfaction of program restrictions	<u>1,921,168</u>	<u>(1,921,168)</u>	<u>-</u>
Total revenue and support	<u>4,414,803</u>	<u>444,620</u>	<u>4,859,423</u>
EXPENSES			
Program	1,244,494	-	1,244,494
Administration	240,516	-	240,516
Development	<u>450,683</u>	<u>-</u>	<u>450,683</u>
Total expenses	<u>1,935,693</u>	<u>-</u>	<u>1,935,693</u>
OTHER INCOME (EXPENSE)			
Gain on disposal of assets	<u>7,818</u>	<u>-</u>	<u>7,818</u>
CHANGE IN NET ASSETS	2,486,928	444,620	2,931,548
Net assets at beginning of year	<u>4,728,899</u>	<u>-</u>	<u>4,728,899</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 7,215,827</u></u>	<u><u>\$ 444,620</u></u>	<u><u>\$ 7,660,447</u></u>

See notes to financial statements.

HEROES AND HORSES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2023

	<u>Program</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Advertising and marketing	\$ 925	\$ 363	\$ 30,625	\$ 31,913
Bank and credit card fees	4,471	12,986	6,198	23,655
Contracted fees	64,630	2,808	-	67,438
Depreciation	238,893	-	-	238,893
Dues and subscriptions	-	1,895	5,451	7,346
Equine expenses	133,624	-	-	133,624
Equipment costs	68,892	-	-	68,892
Fundraising events	-	-	231,473	231,473
HR expenses	25	2,868	-	2,893
Insurance	42,392	-	660	43,052
Interest	86,040	-	-	86,040
Lease and storage	12,140	-	-	12,140
Meals	47,768	291	26	48,085
Occupancy	35,856	14,181	13,894	63,931
Office expenses	1,243	2,294	3,371	6,908
Payroll and related costs	645,146	124,744	148,494	918,384
Professional fees	34,057	75,127	3,114	112,298
Supplies	216,039	-	-	216,039
Taxes, licenses, and fees	3,516	247	-	3,763
Travel	61,828	-	40,405	102,233
	<u>\$ 1,697,485</u>	<u>\$ 237,804</u>	<u>\$ 483,711</u>	<u>\$ 2,419,000</u>
Total expenses	<u>\$ 1,697,485</u>	<u>\$ 237,804</u>	<u>\$ 483,711</u>	<u>\$ 2,419,000</u>

See notes to financial statements.

HEROES AND HORSES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2022

	<u>Program</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Administration	\$ 1,003	\$ 848	\$ -	\$ 1,851
Advertising and marketing	50,067	16,335	6,031	72,433
Bank and credit card fees	15,318	698	181	16,197
Contracted fees	31,334	-	-	31,334
Depreciation	148,483	-	-	148,483
Dues and subscriptions	85	9,626	23	9,734
Equine expenses	71,670	-	115	71,785
Equipment costs	50,588	-	-	50,588
Fundraising events	-	-	164,448	164,448
HR expenses	45	2,054	-	2,099
Insurance	30,505	1,774	-	32,279
Interest	88,174	-	-	88,174
Lease and storage	14,762	-	-	14,762
Meals	34,056	-	-	34,056
Occupancy	28,279	15,752	38,762	82,793
Office expenses	197	10,654	50	10,901
Payroll and related costs	445,317	140,105	213,124	798,546
Professional fees	19,716	40,262	-	59,978
Supplies	127,479	-	-	127,479
Taxes, licenses, and fees	3,739	35	465	4,239
Travel	<u>83,677</u>	<u>2,373</u>	<u>27,484</u>	<u>113,534</u>
Total expenses	<u><u>\$ 1,244,494</u></u>	<u><u>\$ 240,516</u></u>	<u><u>\$ 450,683</u></u>	<u><u>\$ 1,935,693</u></u>

See notes to financial statements.

HEROES AND HORSES, INC.
STATEMENTS OF CASH FLOWS

	Years ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from donors and grantors	\$ 5,289,167	\$ 4,050,908
Other cash receipts	10,736	40,187
Payments for salaries and related costs	(910,617)	(786,454)
Payments to vendors	<u>(1,172,788)</u>	<u>(741,500)</u>
Net cash provided by operating activities	<u>3,216,498</u>	<u>2,563,141</u>
CASH FLOWS USED BY INVESTING ACTIVITIES		
Net purchases of (proceeds from) investments	(3,445,829)	-
Purchases of fixed assets	(1,117,134)	(1,343,008)
Proceeds from sale of fixed assets	<u>118,578</u>	<u>21,683</u>
Net cash used by investing activities	<u>(4,444,385)</u>	<u>(1,321,325)</u>
CASH FLOWS USED BY FINANCING ACTIVITIES		
Payments on long term debt	<u>(41,315)</u>	<u>(39,718)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(1,269,202)</u>	<u>1,202,098</u>
Cash and cash equivalents at beginning of year	<u>3,285,506</u>	<u>2,083,408</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 2,016,304</u></u>	<u><u>\$ 3,285,506</u></u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Purchase of fixed assets through accounts payable	<u><u>\$ -</u></u>	<u><u>\$ 35,425</u></u>

See notes to financial statements.

HEROES AND HORSES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Heroes and Horses, Inc. (the Organization) was established in 2014 as a 501(c)(3) Montana non-profit corporation. Heroes and Horses, Inc. exists to redefine the relationship between challenge and purpose, by reintegrating combat veterans through an innovative, comprehensive and effective process that uses the wilderness, the horse/human connection, and a proven leadership model.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. Account balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor. The Organization has not experienced any losses in such accounts. As of December 31, 2023 and 2022, funds exceeded federally insured limits by \$911,272 and \$962,716, respectively.

Fixed Assets

Purchased property and equipment are stated at cost. Property and equipment with a purchase price over \$5,000 is capitalized. All purchases of horses and mules are capitalized, regardless of the dollar amount. Donations of property and equipment are recorded as support at their estimated fair value at date of gift. 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 restricted support. Property and equipment donated with time restriction are reclassified as unrestricted once all time restrictions are met. Absent donor stipulations regarding how long those donated assets are to be placed in service, the Organization records these assets as unrestricted support. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 20 years.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for federal income taxes. Heroes and Horses, Inc. has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(a)(vi). The Organization's information returns (Form 990) are open to examination by the IRS, generally for three years after they were filed or the due date of the return, whichever is later.

HEROES AND HORSES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization tracks and allocates all direct expenses to program, development, and administration. Indirect costs are allocated on the basis of staff time and effort.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Contributions and Grants

Contributions and grants are recognized as revenues in the period cash or assets are transferred or pledges are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at date of receipt.

Grants receivable and unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Grants and promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows, discounted at the short term treasury bill rate. All receivables at December 31, 2023 were collected in 2024. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Management considers all receivables to be fully collectible; therefore, no allowance has been recorded as of December 31, 2023, and 2022.

HEROES AND HORSES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as incurred.

Operating Lease Right-of-use Assets and Lease Liabilities

The Organization obtains the right to control the use of various assets under long-term agreements. The Organization evaluates contracts to determine whether they include a lease, and uses the lessee non-lease component accounting policy election, for all asset classes, to account for the lease and non-lease components separately. Variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes, are recognized in operating expenses in the period in which the obligation for those payments were incurred. Qualifying leases are recognized on the statement of financial position as right-of-use assets with corresponding lease liabilities.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

HEROES AND HORSES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

2. OPERATING LEASES

The Organization received an in-kind donation of office space, which is valued at \$2,500 per month from February 2021, through December 2022. The amount recognized as expense under this lease for the year ended December 31, 2022 was \$30,000.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,016,304	\$ 3,285,506
Investments	3,510,634	-
Promises to give	<u>519,678</u>	<u>502,125</u>
	6,046,616	3,787,631
Unavailable for general expenditure in one year		
Donor restricted capital campaign funds	<u>(2,528,851)</u>	<u>(444,620)</u>
Total financial resources available for general expenditure	<u>\$ 3,517,765</u>	<u>\$ 3,343,011</u>

The Organization receives various kinds of donor-restricted contributions throughout the year. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. The Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments.

4. FAIR VALUE OF INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

HEROES AND HORSES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

4. FAIR VALUE OF INVESTMENTS (Continued)

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The asset 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 measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value of investments measured on a recurring basis at December 31, 2023 consist of \$3,510,634 in mutual funds (level 1 of the fair value hierarchy).

5. RETIREMENT PLAN

The Organization will assist full-time employees with opening a SIMPLE IRA account in which employees may contribute part of their pre-tax compensation. The Organization will match up to 3% of the employee contribution to the plan. Employees are eligible for IRA matching after one year of continuous employment with the Organization. For the years ended December 31, 2023 and 2022, the Organization made matching contributions of \$9,396 and \$9,300, respectively.

6. NOTES PAYABLE

The Organization had the following notes payable as of December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
In December 2020, the Organization obtained a loan in the amount of \$1,705,000 for the purchase of a ranch. The loan is secured by real property, matures in January 2051 and bears interest at a rate of 3.9% per annum. The loan is payable in monthly payments of \$8,042, including principal and interest, commencing on February 1, 2021.	\$ 1,612,232	\$ 1,645,247
In December 2021, the Organization obtained a loan in the amount of \$500,000 for the purchase of land. The loan is secured by real property, matures January 2052 and bears interest at a rate of 4.6% per annum. The loan is payable in monthly payments of \$2,563, including principal and interest, commencing on February 1, 2022.	483,776	492,076
	2,096,008	2,137,323
Less: current portion of notes payable	<u>(42,878)</u>	<u>(41,571)</u>
Notes payable, net of current portion	<u>\$ 2,053,130</u>	<u>\$ 2,095,752</u>

HEROES AND HORSES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

6. NOTES PAYABLE (Continued)

Annual maturities for subsequent years are as follows:

2024	\$	42,878
2025		44,644
2026		46,481
2027		48,396
2028		50,391
Thereafter		<u>1,863,218</u>
	\$	<u>2,096,008</u>

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specific purpose:		
Capital campaign	<u>\$ 2,528,851</u>	<u>\$ 444,620</u>

8. IN-KIND DONATIONS

The Organization records various types of in-kind support including goods, services, and property and equipment. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The following in-kind contributions were recognized for the year ended December 31, 2023:

	<u>Program</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Expenses:				
Equine expenses	\$ 36,371	\$ -	\$ -	\$ 36,371
Fundraising events	-	-	1,856	1,856
Meals	8,282	-	-	8,282
Occupancy	4,563	2,081	2,106	8,750
Supplies	25,757	-	-	25,757
Property and equipment:				
Assets under construction	<u>21,750</u>	<u>-</u>	<u>-</u>	<u>21,750</u>
	<u>\$ 96,723</u>	<u>\$ 2,081</u>	<u>\$ 3,962</u>	<u>\$ 102,766</u>

HEROES AND HORSES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

8. IN-KIND DONATIONS (Continued)

The following in-kind contributions were recognized for the year ended December 31, 2022:

	<u>Program</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Expenses:				
Dues & subscriptions	\$ -	\$ 750	\$ -	\$ 750
Equine expenses	9,745	-	-	9,745
Meals	4,116	-	-	4,116
Office expenses	-	300	-	300
Occupancy	17,100	6,900	6,000	30,000
Supplies	59,831	-	-	59,831
Property and equipment:				
Assets under construction	22,771	-	-	22,771
Buildings and improvements	<u>180,948</u>	<u>-</u>	<u>-</u>	<u>180,948</u>
	<u>\$ 294,511</u>	<u>\$ 7,950</u>	<u>\$ 6,000</u>	<u>\$ 308,461</u>

Donated goods and services are valued at estimated fair value based on retail prices or comparable rates to obtain similar goods or services.

9. COMMITMENTS

The Organization is in the process of constructing an arena, fencing, McGovern cabin, and student cabins. Construction costs, which have been capitalized as construction in progress, were \$267,471 through December 31, 2023. The Organization expects the additional costs to complete the projects will be approximately \$250,000. These projects are expected to be completed and placed in service in 2024.

10. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through November 5, 2024, the date on which the financial statements were available to be issued.