THOROUGHBRED CHARITIES
OF AMERICA, INC.
LEXINGTON, KENTUCKY

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDING DECEMBER 31, 2025

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OBERLANDER
FINANCIAL SERVICES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Thoroughbred Charities of America, Inc.
Lexington, Kentucky

Opinion

I have audited the accompanying financial statements of the Thoroughbred Charities of America, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Thoroughbred Charities of America, Inc. as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management's for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Thoroughbred Charities of America, 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 Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Thoroughbred Charities of America, 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 my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Thoroughbred Charities of America, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Oberlander Financial Services, PLLC

July 23, 2026

THOROUGHBRED CHARITIES OF AMERICA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

ASSETS

CURRENT ASSETS:		
Cash without Donor Restrictions	$	393,057
Accounts Receivable		47,123
Investments without Donor Restrictions		271,267
Prepaid Expenses		4,382
Total Current Assets		715,829
RESTRICTED ASSETS:		
Cash with Donor Restrictions		419,596
Investments with Donor Restrictions		102,844
Total Restricted Assets		522,440
OTHER ASSETS		
Right-to-Use Operating Assets, Net		64,357
Total Other Assets		64,357
TOTAL ASSETS	$	1,302,626

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts Payable	$	41,925
Deferred Income		66,000
Lease Liability, Current Portion		7,772
Total Current Liabilities		115,697
LONG-TERM LIABILITIES		
Lease Liability, Long-Term Portion		56,480
Total Long-Term Liabilities		
TOTAL LIABILITIES	$	172,177
NET ASSETS:		
Without Donor Restrictions		608,009
With Donor Restrictions		522,440
Total Net Assets		1,130,449
TOTAL LIABILITIES AND NET ASSETS	$	1,302,626

THOROUGHBRED CHARITIES OF AMERICA, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND SUPPORT:			
Donations	$ 596,269	$ 54,908	$ 651,177
Gifts In-Kind	654,163	-	654,163
Special Events	1,801,359	-	1,801,359
Investment Return, Net of Expenses	40,261	13,412	53,673
Loss on Lease Termination	1,501	-	1,501
Net Assets Released from Restrictions and Reclassifications	29,183	(29,183)	-
Total Revenues, Gains and Support	3,122,736	39,137	3,161,873
EXPENSES:			
Program	1,488,247	-	1,488,247
Costs of Direct Benefits to Donors	20,619	-	20,619
Supporting Services:			
Management and General	23,088	-	23,088
Fundraising	1,782,197	-	1,782,197
Total Expenses	3,314,151	-	3,314,151
Change in Net Assets	(191,415)	39,137	(152,278)
Net Assets, Beginning of year	836,924	483,303	1,320,227
Prior Period Adjustment	(37,500)	-	(37,500)
Net Assets, Beginning of year, Restated	799,424	483,303	1,282,727
Net Assets, End of year	$ 608,009	$ 522,440	$ 1,130,449

THOROUGHBRED CHARITIES OF AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Expenses		Supporting Services Expenses		
	Program Expenses	Direct Benefits to Donors	General & Admin	Fundraising Expenses	Total Expenses
Grants Awarded	$ 1,191,398	$ -	$ -	$ -	$ 1,191,398
Salaries & Wages	154,937	-	12,051	5,165	172,153
Employee Benefits	24,378	-	1,896	813	27,087
Payroll Taxes	12,441	-	968	415	13,824
Professional Fees	26,562	-	2,066	885	29,513
Contract Services	32,020	-	2,490	1,067	35,577
Office Expense	3,302	-	257	110	3,669
Interest Expense	459	-	36	15	510
Amortization Expense	12,160	-	946	405	13,511
Travel Expense	4,707	-	366	157	5,230
Insurance Expense	1,792	-	139	60	1,991
Bank Charges	5,725	-	445	191	6,361
Postage	3,942	-	307	131	4,380
Printing	7,066	-	550	236	7,852
Miscellaneous Expense	5,750	-	446	191	6,387
Telephone Expense	1,608	-	125	54	1,787
Special Event Expense	-	20,619	-	1,772,302	1,792,921
Total Expenses	$ 1,488,247	$ 20,619	$ 23,088	$ 1,782,197	$ 3,314,151

THOROUGHBRED CHARITIES OF AMERICA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITES:		
Change in Net Assets	$	(152,278)
Adjustments to reconcile Change in Net Assets		
to Net Cash (Used in) Operating Activities:		
Realized and Unrealized (Gains) / Losses on Investments		(30,340)
Operating Leases		(2,103)
Changes in Operating Assets and Liabilities:		
Decrease (increase) in Prepaid Expenses		(1,344)
Decrease (increase) in Accounts Receivable		(9,243)
Increase (decrease) in Accounts Payable		29,827
Increase (decrease) in Deferred Income		25,000
Net Cash Provided by (Used in) Operating Activities		(140,481)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments		(15,094)
Net Cash Provided by (Used in) Investing Activities		(15,094)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(155,575)
CASH AND CASH EQUIVALENTS, Beginning of year		968,228
CASH AND CASH EQUIVALENTS, End of year	$	812,653
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash without Donor Restrictions	$	393,057
Cash with Donor Restrictions		419,596
Total Cash and Cash Equivalents	$	812,653
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Noncash Contributions	$	654,163
Interest Expense Paid	$	510

The Accompanying Notes Are An Integral Part Of These Financial Statements

NOTE 1 – DESCRIPTION OF THE ORGANIZATION

The Thoroughbred Charities of America, Inc. (the Organization) is a non-profit organization originally founded in Middletown, Delaware in 1990 and relocated to Lexington, Kentucky in 2008. The Organization was established to fund and facilitate the support of Thoroughbreds and the people who care for them. The Organization is supported principally through donations and the annual auction of donated items and stallion seasons.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Organization in the preparation of its financial statements.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board Codification (FASC). Under FASC, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows.

> *Net Assets without donor restrictions*- Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.
>
> *Net Assets with donor restrictions*- Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Asset and Liability Liquidity

On the statement of financial position, the assets have been presented in a sequence according to their nearness of conversion to cash and the liabilities have been sequenced according to their nearness of their maturity and resulting use of cash.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents.

Cash with Donor Restrictions

Cash with donor restrictions consists of donor-imposed restrictions for specified purposes as follows:

Cash with Donor Restrictions		**December 31, 2025**
Como Application	$	11,140
Donor Designated Granting		23,750
IFAR		26,016
Horses First Fund		358,690
Total Cash with Donor Restrictions	$	419,596

Accounts Receivable

The Organization's management considers the collection of accounts receivable to be likely. The board will make the decision to formally write off the receivables at their discretion if deemed uncollectible. If amounts previously written off are collected, they will be credited to income when received. Accounts receivables are stated at their unpaid balances.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of assets, liabilities, and net assets. For contributed investments, fair value of the gift is determined by the market value at the date of donation. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by the donor are reported as increases in net assets without restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investment return is reported net of external and direct internal expenses.

Support and Revenues

Revenue from the auction is recognized in the period in which the function occurs. Contributions are recognized in the period received as net assets without donor restrictions or donor restricted net assets, depending on the existence and/or nature of any donor restriction.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In-Kind Donations

The Organization recognizes donated services if they create or enhance non-financial assets or require specialized skills and would typically be purchased if not provided by donation. Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these donated services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Donated in-kind goods are recorded at fair value at the date of donation. For the year ended December 31, 2025, donated in-kind goods received were $654,163. See Note 16 for additional disclosures related to In-Kind Donations.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The various forms of advertising are expensed as incurred. For the year ended December 31, 2025 advertising cost totaled $8,329 and is included in the Special Event Expense.

Income Taxes

The Thoroughbred Charities of America, Inc. is a tax-exempt organization under the laws of Kentucky and has been granted exemption from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization has evaluated the tax positions taken on all income tax returns that remain open to examination (those returns filed for tax years 2023 through 2025) by the respective taxing authorities. The Organization does not believe that there are any uncertain positions on those returns that require recognition or disclosure in the financial statements.

Use of Estimates

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

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, accounts payable and prepaid expenses approximate their fair values because of the relatively short maturity of these instruments.

Functional Expenses

Expenses are charged to program and supporting services based on a combination of specific identification and allocation of management.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases and Lease Capitalization Policy

The adoption of FASB ASC 842 Leases, requires that leases with a lease term of more than 12 months be classified as either finance or operating leases. Leases are classified as finance leases when the Organization expects to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, if the Organization is not expected to consume a major part of the economic benefits of the assets the leases are classified as operating leases. The lease classification affects both the pattern and presentation of expense recognized in the statement of activities, the categorization of assets and liabilities in the statement of financial position, and classification of cash flows in the statements of cash flows. Total lease cost consists of amortization expense related to the yearly write-off of right-of-use assets and interest expense from lease liabilities. For financing leases, total lease cost is recorded on an accelerated basis whereby interest expense is recorded using the effective interest method and right-of-use assets amortized on a straight-line basis over the remaining lease term. For operating leases, total lease cost is measured and recorded on a straight-line basis over the lease term. Lease liabilities are measured and recorded at the present value of future lease payments using a discount rate. The Organization lease agreements usually do not contain an explicit interest rate, so the Organization applies the borrowing rate of their current loan obligations. Right-of-use assets are generally measured and recorded at the sum of the lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date. The Organization adopted a lease capitalization threshold of $5,000. Lease contracts above this threshold will be represented in the Organization financial statements as a right to use asset and lease liability.

NOTE 3 – CONCENTRATION OF CREDIT RISK

Financial instruments that are exposed to concentrations of credit risk consist of cash, accounts receivable and investments. Thoroughbred Charities of America, Inc. maintains cash accounts with a single bank in Kentucky. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

As of December 31, 2025, cash and cash equivalents exceeded FDIC insurance by $534,954. The Organization has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on these cash or cash equivalents. The Organization’s investments, $374,111, are held in a high-quality institution with a high-quality rating and with a brokerage firm where the assets are protected by SIPC, and it provides additional coverage in excess of SIPC through an insurance policy with Lloyd’s of London. These investments subject the Organization to interest rate, market risk and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

NOTE 4 – INVESTMENTS

The Organization has an undivided interest in a pool of investment account assets held by Bluegrass Community Foundation consisting of the types and amounts at each year end as listed below. Investment securities are carried at fair value based on quoted market prices in active markets and consist of the following at December 31, 2025:

	Cost	Fair Value
Cash & Equivalents	$ 3,741	$ 3,741
Domestic Bonds	36,619	61,728
International Bonds	12,206	20,576
Domestic Equities	94,323	158,997
International Equities	43,278	72,952
Energy/Natural Resources	17,755	29,929
Real Estate	15,535	26,188
Total	$ 223,457	$ 374,111
Investments – Without donor restrictions	145,926	271,267
Investments – With donor restrictions	77,531	102,844
Total	$ 223,457	$ 374,111

There were contributions of $1,737 and withdrawals of $0 during the year ended December 31, 2025. The components of total investment return for the year ended December 31, 2025, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Investments:			
Dividends and Interest	$ 10,948	$ 4,151	$ 15,099
Realized Gain/(Loss)	336	127	463
Unrealized Gain/(Loss)	21,652	8,225	29,877
Less: Fees	(1,262)	(479)	(1,741)
Bank Accounts:			
Interest	8,587	1,388	9,975
	$ 40,261	$ 13,412	$ 53,673

NOTE 5 – FAIR VALUES MEASUREMENTS

The Organization has determined the fair value of certain assets and liabilities through the application of FASB ASC 820, Fair Value Measurements.

Under this statement, the Organization groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of these assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

NOTE 5 – FAIR VALUES MEASUREMENTS - CONTINUED

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing assets or liabilities. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Fair values of assets measured on a recurring basis at December 31, 2025, are as follows:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Markets	$ 3,741	$ 3,741	$ 0	$ 0
Stocks	231,949	231,949	0	0
Bonds	82,304	0	82,304	0
Alternatives	56,117	0	56,117	0
Total	$ 374,111	$ 235,690	$ 138,421	$ 0

NOTE 6 – ENDOWMENTS

The Organization's endowments consist of two investment funds. One investment fund was established to hold board designated endowment funds. The other investment fund was created to hold donor restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The State of Kentucky enacted UPMIFA legislation effective July 15, 2010, the provisions of which apply to endowment funds existing on or established after that date. The Organization adopted the accounting standards related to the net asset classification of endowment funds in FASB ASC 958-205-45-28 and the enacted Commonwealth of Kentucky UPMIFA for the year ending December 31, 2012. The Organization has interpreted the State Prudent Management of Institutional Funds (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

NOTE 6 – ENDOWMENTS - CONTINUED

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds; (1) the duration and preservation of various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies. The Organization, using ordinary business care and prudence under the facts and circumstances which exist at the time of the action, may appropriate for expenditures from endowed funds provided such appropriations are expended for the purpose stipulated by the donor. Expenditures may be made in accordance with the Organization's spending policy. In the event the value of the endowment was to drop below the original gift or become "underwater" the board would follow Kentucky law concerning UPMIFA.

Endowment Net Asset Composition by Type of Fund as of December 31, 2025:

	Without Donor Restriction	With Donor Restriction	Total
Board Designated Endowment Funds	$ 271,267	$ 0	$ 271,267
Ellen and Herb Moelis Industry Service Award Fund (Original Gift in Perpetuity, $50,000)	0	102,844	102,844
	$ 271,267	$ 102,844	$ 374,111

Changes in Endowment Net Assets for the year ended December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Endowment Net Assets	$ 237,857	$ 90,820	$ 328,677
Investment Return:			
Dividends and Interest	10,948	4,151	15,099
Realized Gains (Losses)	336	127	463
Unrealized Gains (Losses)	21,652	8,225	29,877
Contributions	1,737	0	1,737
Investment Fees	(1,262)	(479)	(1,741)
Ending Endowment Net Assets	$ 271,267	$ 102,844	$ 374,111

Endowment Investment and Spending Policies:

The Organization's endowments are held and managed by the Bluegrass Community Foundation (BGCF), and therefore are subject to their investment and spending policies. BGCF's objective is to provide relatively stable, inflation adjusted, and annual payout to support the Foundation's defined spending rate. BGCF believes that their funds' risk and liquidity posture are a function of asset class mix. The following table shows BGCF's target asset allocation.

NOTE 6 – ENDOWMENTS – CONTINUED

Asset Category	Portfolio Percentage Allocation
Safety Assets	1.0%
Total Safety Assets	1.0%
Income Assets	
Domestic Bonds:	
Short Term Maturities (1-5 yrs)	4.0%
Intermediate Term Maturities (5-10 yrs)	8.5%
Inflation Protected Bonds	4.0%
International Bonds	5.5%
Total Income Assets	22.0%
Growth Assets	
Large Cap U.S. Stocks – Value	17.0%
Large Cap U.S. Stocks – Growth	11.0%
International Stocks – Value	7.0%
International Stocks – Growth	5.0%
Growth Real Estate	7.0%
Total Growth Assets	47.0%
Aggressive Assets	
Small Cap U.S. Stocks – Value	11.0%
Small Cap U.S. Stocks – Growth	1.0%
Small Cap U.S. Stocks - Blend	2.5%
Global Small Cap - Growth	3.0%
International Small Cap	4.5%
Energy/Natural Resources	8.0%
Total Aggressive Assets	30.0%
TOTAL PORTFOLIO	100.0%

BGCF's spending policy is that the foundation shall support the Foundation's charitable pursuits by annually distributing an amount equal to no less than 3% and no more than 6% of the funds' average market value over the prior 20 quarters. In the case of endowed donor advised funds, a donor may recommend a grant in excess of the spending percentage, provided that the total distribution does not exceed the upper limit of the policy range (6%). The organization's policy is not to draw from the endowments funds at this time.

More detailed information regarding Bluegrass Community Foundation's investment and spending policies can be found on their website at www.bgcf.org.

NOTE 7 – ACCOUNTS PAYABLE

The Organization's accounts payable consists of balances due for operations. Accounts payable at December 31, 2025 consists of $7,494 credit card payable, and $225 and $34,207 due to Thoroughbred Owners and Breeders Association (a related party – see Note 11) for administrative fees and payroll, respectively.

NOTE 8 – NET ASSETS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2025:

Subject to expenditure for specified purposes:		
Como Application	$	11,140
Donor Designated Granting		23,750
IFAR		26,016
Horses First Fund		358,690
		419,596
Endowments:		
Perpetual endowment, expendable by appropriation of the Board in accordance with UPMIFA (Note 6):		
Ellen and Herb Moelis Industry Service Award Fund, Original Gift $50,000		102,844
Total endowments		102,844
Total	$	522,440

Net assets without donor restrictions were as follows as of December 31, 2025:

Undesignated	$	283,940
Board Designated:		
Endowment		271,267
Rainy Day		52,802
Total	$	608,009

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors.

NOTE 9 – SPECIAL EVENTS

The Organization's largest fundraiser is a Stallion Season Auction. The event consists of online and live auctions of select seasons and other items. Most seasons sell during the online auction; however a select number of stallion seasons, as well as other items such as trips and tickets to sporting events are sold during the live auction. The Organization realized $2,201,540 in gross revenue, including $287,525 of In-Kind Contributions from the Stallion Season Auction for the year ended December 31, 2025.

During the year ended December 31, 2025 the Organization also held two other special events: Bash at the Breeder's Cup and Bid on the Bluegrass. The Organization realized $253,455, including $66,110 of In-Kind Contributions, in gross revenue from these events.

NOTE 10 – GRANT EXPENSE

The Organization's objective is to raise money for distribution to non-profit organizations that work toward improving the lives of Thoroughbred racehorses and assist the people who work with them. The Organization distributes funds through a grant application process. Grant applicants must meet the following minimum criteria in order to submit a grant application for review and consideration: a) must be a 501(c)(3) organization; b) must uphold the Organization's mission; c) must fall within one of the following categories- Thoroughbred rescue, rehabilitation, retraining, adoption and retirement; Backstretch and farm employee assistance programs; Therapeutic riding organization, and Equine research organization. Grant applications are available in January of each year and must be submitted by May 1st of each year. Grant applications are reviewed by the Organization's Grant Committee which provides recommendations to the Board of Directors. The Organization distributed $1,191,398 in grants for the year ended December 31, 2025. Grant expenses are included in the program function on the Statement of Activities.

NOTE 11 – RELATED PARTY TRANSACTION

In the year ended December 31, 2025, the Thoroughbred Owners and Breeders Association, Inc. (TOBA), a related party, was paid $244,789. This amount consisted of the following:

Rent	14,623	Insurance	1,992
Salaries	190,734	Administrative Services	2,700
Employee Benefits	28,244	Office Expenses	6,496

NOTE 12 – AVAILABILITY & LIQUIDITY

The following represents the Organization's financial assets as of December 31, 2025 that are available to meet general expenditures over the next twelve months:

Cash without donor restrictions	$	393,057
Accounts Receivable		47,123
Investments without donor restrictions		271,267
Prepaid Expenses		4,382
Financial assets available to meet general expenditures over the next twelve months	$	715,829

Donor restricted funds are not available for general expenditures. If necessary, to meet unexpected liquidity needs, or in the event of financial distress, the Board would look to donors to release their restrictions on their temporarily restricted funds, or approve a withdrawal from the board designated Endowment funds.

NOTE 13 – LITIGATION

The organization currently does not have any pending litigation.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events for accounting and disclosure requirements through July 23, 2026, the date that the financial statements were available to be issued.

NOTE 15 – LEASING ACTIVITIES

The Organization has an operating lease for office space. During the year ended December 31, 2025 the Organization's existing lease ended and they entered a new lease for office space. The Organization has no finance leases.

The following summarizes the line items in the statements of financial position which include amounts for leases as of December 31, 2025:

Operating Leases	
Operating Lease Right-To-Use Assets	$ 65,926
Operating Lease RTU Accum. Amort.	(1,570)
Right-To-Use Operating Assets, Net	$ 64,357
Lease Liability, Current Portion	$ 7,772
Lease Liability, Long-Term Portion	$ 56,480
Total Operating Lease Liability	$ 64,252

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

Weighted Average Remaining Lease Term	
Operating leases	7 years
Weighted Average Discount Rate	
Operating leases	3.67%

NOTE 15 – LEASING ACTIVITIES – CONTINUED

The maturities of lease liabilities as of December 31, 2025 were as follows:

Year Ending December 31:	Operating
2026	10,000
2027	10,050
2028	10,351
2029	10,662
2030	10,982
2031	11,311
2032	9,661
Total Lease Payments	73,017
Less: Interest	(8,765)
Present Value of Lease Liabilities	$ 64,252

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended December 31:

Operating Lease:	Program Expenses	General & Administrative	Fundraising Expense	Total
Interest Expense	$ 459	$ 36	$ 15	$ 510
RTU Amortization Expense	12,160	946	405	13,511
	$12,619	$ 982	$ 420	$ 14,021

The following summarizes cash flow information related to leases for the year ended December 31:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ (2,103)

NOTE 16 – IN-KIND DONATIONS

The Organization received gifts-in-kind for the year end December 31, 2024:

Stallion Seasons	$ 523,875
Auction Items	130,288
Total	$ 654,163

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value.

The Organization's largest fundraiser is the Stallion Season Auction (see Note 9). Thoroughbred Stallion owners donate breeding seasons to be auctioned at this event. A portion of the proceeds, as determined by the donor, is retained by the Organization. The full fair value of the seasons sold at auction is recorded as In-Kind revenue and Auction Cost of Goods Sold expenses.

NOTE 16 – IN-KIND DONATIONS - CONTINUED

The Organization also received donations of other items which were auctioned at special events. These items are recorded at fair value as In-Kind revenue and In-Kind expense related to the specific event for which the item was donated.

All gifts-in-kind received by the Organization for the year ended December 31, 2025 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

NOTE 17 – PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2025 it was discovered that in prior years the sponsorship revenue for the stallion season auction had not been recognized in the correct period. This was corrected in 2025 and the effect of that correction for prior years was recognized with the prior period adjustment as shown on the statement of activities. This correction resulted in a $37,500 decrease in the beginning balance of net assets without donor restrictions and a $37,500 increase in the beginning balance of deferred revenue.