THOROUGHBRED RETIREMENT FOUNDATION, INC.

Financial Statements as of
December 31, 2025
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Accounting, Consulting & More

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INDEPENDENT AUDITOR'S REPORT

May 28, 2026

The Board of Directors of
Thoroughbred Retirement Foundation, Inc.:

Opinion

We have audited the accompanying financial statements of Thoroughbred Retirement Foundation, Inc. (a nonprofit organization), 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thoroughbred Retirement Foundation, Inc. as of December 31, 2025, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Thoroughbred Retirement Foundation, 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 Thoroughbred Retirement Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information
The financial statements of Thoroughbred Retirement Foundation, Inc. as of December 31, 2024 were audited by other auditors whose report dated March 20, 2025 expressed an unmodified opinion on those statements.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Schedules I through II are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Report on Supplementary Information (Continued)
The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bonadio & Co. LLP

THOROUGHBRED RETIREMENT FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 1,890,342	$ 1,918,810
Restricted cash	737,908	493,230
Investments	11,288,245	11,343,098
Contributions receivable	106,444	130,969
Pledges receivable	8,200	200
Prepaid expenses	23,147	34,007
Fixed assets, net	481,269	417,288
Right of use operating asset	-	5,091
Total assets	$ 14,535,555	$ 14,342,693
LIABILITIES AND NET ASSETS		
Operating lease liabilities	$ -	$ 5,361
Note payable	-	13,674
Accounts payable and accrued expenses	163,634	158,305
Total liabilities	163,634	177,340
NET ASSETS:		
Without donor restrictions	3,699,755	3,652,948
With donor restrictions	10,672,166	10,512,405
Total net assets	14,371,921	14,165,353
Total liabilities and net assets	$ 14,535,555	$ 14,342,693

The accompanying notes are an integral part of these statements.

THOROUGHBRED RETIREMENT FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE:				
Contributions	$ 1,192,582	$ 186,275	$ 1,378,857	$ 2,100,090
Contributions of non-financial assets	38,467	-	38,467	113,228
Bequests	384,109	-	384,109	1,539,450
Special events, net	206,714	-	206,714	51,257
Grants	253,016	-	253,016	243,729
Net assets released from restrictions	813,570	(813,570)	-	-
Total support and revenue	2,888,458	(627,295)	2,261,163	4,047,754
EXPENSES:				
Program	2,125,344	-	2,125,344	1,754,670
Management and general	456,786	-	456,786	360,359
Fundraising	431,074	-	431,074	444,139
Total expenses	3,013,204	-	3,013,204	2,559,168
CHANGE IN NET ASSETS FROM OPERATIONS	(124,746)	(627,295)	(752,041)	1,488,586
NON-OPERATING REVENUE:				
Investment income, net	127,831	787,056	914,887	1,352,448
Gain on sale of fixed assets	43,722	-	43,722	833
Rental income	-	-	-	600
Total non-operating revenue	171,553	787,056	958,609	1,353,881
CHANGE IN NET ASSETS	46,807	159,761	206,568	2,842,467
NET ASSETS - beginning of year	3,652,948	10,512,405	14,165,353	11,322,886
NET ASSETS - end of year	$ 3,699,755	$ 10,672,166	$ 14,371,921	$ 14,165,353

THOROUGHBRED RETIREMENT FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for 2024)

	2025				2024
	Program	Management and General	Fundraising	Total	Total
Salaries and wages	$ 417,918	$ 154,081	$ 276,884	$ 848,883	$ 821,266
Feed, hay and straw	517,694	-	-	517,694	414,786
Board expenses	315,401	143	2,532	318,076	277,102
Veterinarian and dental	156,170	-	-	156,170	129,742
Contract labor	49,906	64,450	32,266	146,622	75,343
Blacksmith	106,145	-	-	106,145	84,685
Employee benefits	71,619	13,694	279	85,592	75,928
Transportation	79,473	-	-	79,473	24,149
Medical supplies	75,576	-	-	75,576	74,113
Payroll taxes	33,867	14,572	22,815	71,254	56,424
Supplies	68,271	-	535	68,806	44,339
Depreciation	65,456	-	-	65,456	63,863
Promotional	97	-	62,393	62,490	119,229
Insurance	39,286	19,624	1,063	59,973	41,045
Travel	23,450	9,411	13,720	46,581	62,264
Accounting	-	45,000	-	45,000	53,153
Professional fees		39,377	-	39,377	-
Repairs and maintenance	31,930	4,636	401	36,967	17,557
Bank charges	2,595	15,119	17,009	34,723	17,047
Rent	5,000	16,292	12,736	34,028	28,228
Dues	1,529	23,850	1,329	26,708	19,624
Training	17,891	3,230	500	21,621	22,640
Postage and freight	11,263	3,196	4,157	18,616	17,251
Appeal and book	-	-	18,387	18,387	5,370
Office supplies	3,843	9,025	245	13,113	24,750
Software	-	5,499	5,105	10,604	-
Advertising	285	594	8,683	9,562	8,078
Legal fees	-	8,245	-	8,245	5,834
Meals and entertainment	3,410	2,518	1,874	7,802	-
Grooming	7,450	-	-	7,450	-
Telephone	3,058	3,592	-	6,650	7,328
Utilities	5,322	-	-	5,322	7,572
Pasture maintenance	5,215	-	-	5,215	8,755
Taxes and licenses	4,636	(47)	-	4,589	186
Graphic design	-	-	2,700	2,700	-
Internet	340	780	780	1,900	1,538
Printing and publications	8	159	888	1,055	22,413
Interest	436	16	-	452	1,638
Equipment rental	-	-	-	-	22,373
Leases	-	(270)	-	(270)	20,364
Miscellaneous	804	-	6,216	7,020	-
Total expenses	2,125,344	456,786	493,497	3,075,627	2,675,977
Direct costs of special events	-	-	62,423	62,423	116,809
	$ 2,125,344	$ 456,786	$ 431,074	$ 3,013,204	$ 2,559,168

The accompanying notes are an integral part of these statements.

THOROUGHBRED RETIREMENT FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Totals for 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 206,568	$ 2,842,467
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	65,456	63,863
Realized and unrealized gain on investments	(914,887)	(1,352,448)
Gain on sales of fixed assets	(43,722)	(833)
Changes in:		
Contributions receivable	24,525	(49,726)
Pledges receivable	(8,000)	-
Prepaid expenses	10,860	(21,810)
Operating leases	(270)	(20,916)
Accounts payable and accrued expenses	5,329	(14,796)
Net cash flow from operating activities	(654,141)	1,445,801
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(134,931)	(271,806)
Proceeds from sale of fixed assets	49,216	-
Purchase of investments	(963,423)	-
Proceeds from sale of investments	1,933,163	770,456
Net cash flow from investing activities	884,025	498,650
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(13,674)	(7,377)
Net cash flow from financing activities	(13,674)	(7,377)
CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	216,210	1,937,074
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - beginning of year	2,412,040	474,966
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - end of year	$ 2,628,250	$ 2,412,040
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Donated non-financial assets	$ 38,467	$ 113,228
Cash paid during the year for interest	$ 452	$ 1,638
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH CONSISTED OF THE FOLLOWING:		
Cash and cash equivalents	$ 1,890,342	$ 1,918,810
Restricted cash	737,908	493,230
	$ 2,628,250	$ 2,412,040

The accompanying notes are an integral part of these statements.

1. THE ORGANIZATION

The Thoroughbred Retirement Foundation, Inc. (the Foundation) is a not-for-profit organization that believes dignity and compassion are the foundations of lives well lived. The Foundation provides lifetime sanctuary for thoroughbreds after the their racing careers, as well as opportunities for people wishing to improve their well-bearing through the undeniable healing power of horses. Through its pioneering program, Second Chances Programs, the Foundation provides vocational training in equine care and management to incarcerated individuals at correctional facilities around the county. Through this collaboration, the Foundation can “Save Horses and Change Lives.”

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The Foundation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates
The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

Financial Reporting
The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include resources which are available for the Foundation’s operating activities. This category may also include resources designated by the Board of Directors for specific purposes. The Board of Directors can authorize use of these assets, as it desires, to carry on the purpose of the Foundation according to its bylaws. As of December 31, 2025 and 2024, the Board has not designated any net assets for specific purposes.

Net assets with donor restrictions include resources that have been donated subject to restrictions, as defined by the donor, which will be met by either actions of the Foundation and/or the passage of time. They also include resources that stipulate they be maintained intact permanently, but which permit the Foundation to expend part or all of the income derived from the donated assets for operating purposes. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Activities and Change in Net Assets

The statement of activities is divided into operating and non-operating components. All revenue and expenses directly associated with the day-to-day operations are included in change in net assets from operations. Revenues associated with realized and unrealized gains and losses on investments, gain on sale of assets, and rental income are reported on the statement of activities as non-operating.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents and restricted cash include bank demand deposit accounts, money market accounts and highly liquid financial instruments with original maturities of three months or less. The Foundation's cash balances often exceed federally insured limits. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents and restricted cash.

The Foundation's restricted cash consists of assets that are restricted to building projects and endowments that are perpetual in nature.

Contributions Receivable, Pledges Receivable and Bequests Receivable

Contributions are recorded as increases in net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions with donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other contributions with donor-imposed restrictions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

When restrictions expire (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Promises to give that are collectible over future periods are recorded at their estimated net present value.

Fixed Assets, net

Fixed assets are stated at cost less accumulated depreciation, except for donated assets, which are recorded at their fair value at the date of the gift. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When property and equipment are disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is reported as a change in net assets. Depreciation is computed on a straight-line basis using the estimated useful lives (5 to 15 years) of the various assets.

Investments

The Foundation invests in various types of investment securities which are stated at fair value based on quoted market prices or using the market approach for investments such as corporate bonds. Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the accompanying financial statements. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Gains and losses on the investment portfolio are recorded

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)
Certain investments are held as an endowment as described in Note 5. The endowment includes funds reported as net assets with donor restrictions in the statement of financial position. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Revenue Recognition
The Foundation recognizes revenue in the period in which they satisfy performance obligations under contracts by transferring services to individuals or entities. The Foundation's performance obligations include providing veterinary services, boarding, training programs, and fees relating to adoption of the horses, as well as horse surrenders. All revenues associated with these performance obligations are reflected at the consideration to which they expect to be entitled in exchange for the services provided. These amounts are due from individuals and entities. The transaction price is based on established charges for services provided. The Foundation expects to collect established charges.

Because performance obligations are met at a point in time, not over time, there are no fees allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Revenue is charged and routinely collected throughout the month. Estimates of implicit price concessions are determined based on historical collection experience using a portfolio approach as a practical expedient to account for contracts as collective groups rather than as individual contracts. Amounts that remain uncollected at the end of the month are recorded as accounts receivable.

The Foundation reviews individual contracts at the time of performance, in order to determine estimated uncollectible accounts due from individuals and entities and records these implicit price concessions as a direct reduction to revenue. For the years ended December 31, 2025 and 2024, there were no implicit price concessions.

Contributions
All contributions are considered to be available for use without donor restriction unless specifically restricted by the donor. The Foundation reports gifts of cash and other assets as restricted if they are received with donor or grantor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of property and equipment are reported as net assets without donor restrictions upon acquisition of the assets and the assets are placed in service.

Grants
Funding arrangements with certain private agencies provide for the recovery of direct program expenses as well as administrative expenses. Administrative expenses are reimbursed to the Foundation based on a predetermined indirect cost rate which is subject to audit. The Foundation recognized revenue related to program and administrative expenses as actual costs are incurred and conditions are satisfied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)
Other income/Special Events
The gross proceeds from ongoing major fundraising activities in the form of special events and sales of souvenirs are recorded as fundraising support within support and revenue in the statement of activities. Direct costs associated with these activities are recorded as fundraising expenses.

Contributions of Nonfinancial Assets
The Foundation's policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the Foundation. If an asset is provided that does not allow the Foundation to utilize it in its normal course of business, the asset will be sold at its fair value as determined by appraisal or specialist depending on the type of asset. Contributions of donated non-cash assets are recorded at their fair values on the day of receipt and expensed when used.

The Foundation recognized contributions of nonfinancial assets within revenue and expenses, in the years ended December 31, 2025 and 2024.

Leases
The Foundation determines if an arrangement is a lease at inception. Right-of-use ("ROU") assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the Foundation is reasonably certain to exercise these options.

For all underlying classes of assets, the Foundation has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise. The Foundation recognizes fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

In evaluating contracts to determine if they qualify as a lease, the Foundation considers factors such as if the Foundation obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

The Company elected for all classes of underlying assets, to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable and to not separate the lease and non-lease components of a contract and to account for as a single lease component.

Statements of Functional Expenses
The statements of functional expenses present expenses by both functional and natural classification. Certain categories of expenses are attributable to one or more program or supporting functions, and these expenses are allocated to the reported functional columns. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries, benefits and payroll taxes are allocated based on time spent. Depreciation is allocated based on utilization of the underlying assets by function. All other expenses are directly charged to programs, management and general, and fundraising as invoices are recorded.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes
The Foundation is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code and is not a private foundation.

Advertising and Promotional Costs
The Foundation expenses advertising and promotional costs as incurred. Total advertising and promotional costs were $9,562 and $8,078 for the years ended December 31, 2025 and 2024, respectively.

Fair Value Measurement- Definition and Hierarchy
The Foundation uses various valuation techniques in determining fair value and classifies amounts into a three-level hierarchy based on the nature of the inputs. Level 1 valuations are based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Level 2 valuations are based on inputs, other than quoted prices, included within Level 1 that are observable either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The Foundation's investments are valued utilizing Level 1 inputs as delineated in Note 4.

Comparative Information
The financial statements include certain prior year summarized comparative information in total, but not by net asset class and functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2024, from which the summarized information was obtained.

Reclassifications
Certain reclassification have been made to the prior year's summarized comparative financial statements in order to enhance comparability with the current year's presentation.

3. LIQUIDITY

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation is substantially supported by contributions and grants. As such, the Foundation regularly monitors liquidity required to meet its annual operating needs. The Foundation's financial assets available to meet cash needs for general expenditures within one year of the statements of financial position date are as follows at December 31:

	2025	2024
Financial assets:		
Cash and cash equivalents	$ 1,890,342	$ 1,918,810
Investments	11,288,245	11,343,098
Contributions receivable	106,444	130,969
Pledges receivable	8,200	200
	13,293,231	13,393,077
Less: Assets unavailable for general expenditure within one year, due to:		
Donor restrictions	(10,672,166)	(10,512,405)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,621,065	$ 2,880,672

The Foundation's ability to meet its cash needs is dependent on the timing of donations without donor restrictions, combined with stipulations set forth for donor restricted net assets. Many of the donor restricted net assets are held for a specific organizational purpose.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments at measured at fair value using level 1 inputs and consisted of the following as of December 31:

	2025	2024
Money market funds	$ 2,232,972	$ 1,914,056
Fixed income	3,378,660	2,648,263
Exchange traded funds	3,048,684	3,848,422
Equities	4,560,221	4,480,761
Preferred stock	300,680	365,652
	$ 13,521,217	$ 13,257,154

Paul Mellon Endowment Policy
The Foundation's Paul Mellon Endowment Fund was established to provide operational support (care and maintenance) of retired thoroughbred horses, with a racing record. The endowment includes only donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

4. INVESTMENTS (Continued)

Paul Mellon Endowment Policy (Continued)

The governing board of the Foundation has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on donor-restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income while seeking to protect the principal amount. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity.

The assets are invested mainly in money market, fixed income and exchange traded funds and other assets. The Foundation's investment objectives include a net fund return of approximately 6 - 8% per annum. Actual investment returns in any given year may vary. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). There is no annual target for expenditures. Funds will be appropriated on occasion for items deemed worthwhile by the Board of Directors.

The portion of perpetual endowment funds that is required to be retained permanently totaled $6,000,000 as of December 31, 2025 and 2024. All of the endowment assets are included within net assets with donor restrictions in the accompanying financial statements.

Changes in endowment net assets for the years ended December 31, 2025 and 2024, were as follows:

	2025	2024
Endowment net assets, beginning of year	$ 10,248,280	$ 9,467,898
Investment return:		
Net appreciation (realized and unrealized)	787,056	1,258,277
Appropriation of endowment assets for expenditure	(512,414)	(477,895)
Endowment net assets, end of year	$ 10,522,922	$ 10,248,280

The Foundation is allowed under the terms of the Paul Mellon Endowment Fund to withdraw from the endowment each year an amount up to 5% of the fair market value of the endowment's assets at the end of each calendar year immediately preceding December 31st. The Foundation's current spending policy is to withdraw the full allowable 5% in January of the following year. The withdrawn funds must be used for the care and maintenance of retired thoroughbred racehorse, with a racing record.

During 2020, the Foundation and the Executors of the Estate of Paul Mellon ("Executors") reached an "Agreement on Appropriation and Expenditure of Restricted Endowment Funds," through which, the Executors agreed to exercise their authority with respect to the Endowment Fund and permit the Foundation, on a one-time basis, to appropriate and expend certain monies from the Endowment Fund. The agreement authorized the Foundation the amount of $1,000,000. As of December 31, 2025 and 2024, the Foundation has expended $651,665 of this appropriation.

5. FIXED ASSETS, NET

Fixed assets, net consist of the following at December 31:

	2025	2024
Property, equipment and fixtures	$ 1,438,278	$ 1,382,500
Less: Accumulated depreciation	(957,009)	(965,212)
Fixed assets, net	$ 481,269	$ 417,288

Depreciation expense was $65,456 and $63,863 for the years ended December 31, 2025 and 2024, respectively.

6. LEASES

The Foundation had a non-cancelable operating lease for the use of office space that expired in March of 2025 and was renewed on a month-to-month basis. The total lease cost for this agreement for the year ended December 31, 2025 is included below under the short-term lease cost.

The components of total lease cost consist of the following at December 31, 2025,:

	2025	2024
Operating lease cost	$ -	$ 20,364
Short term lease cost	29,028	-
Total lease cost	$ 29,028	$ 20,364

Supplemental cash flow information related to leases are as follows at December 31,:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ -	$ 20,364

Other information related to leases is as follows at December 31,:

	2025	2024
Weighted-average remaining lease term - operating leases	N/A	0.3 years
Weighted-average discount rate - operating leases	N/A	4.18%

7. FARM LEASE COMMITMENTS

The Foundation has contract agreements with various correctional facilities around the country to offer vocational training in equine care and management to incarcerated individuals through the use of retired racehorses. These agreements vary in terms and conditions with some containing automatic renewal periods from one to five years, at December 31, 2025 and 2024 there are eight programs.

The Foundation's Second Chances Program is a unique and pioneering program where inmates build life skills while participating in a vocational training program as they provide supervised care the retired racehorses. The costs related to these contract agreements with correctional facilities are included in the statements of activities and statements of functional expenses.

The Foundation has a month to month lease agreement with the Nash Family Partnership for its farm located in Prospect, Kentucky. The amount of the lease payment will be a fixed $20,000 for the property, payable in four quarterly installments. Actual rent expense to the Foundation for the years ended December 31, 2025 and 2024, was $5,000 and $15,000, respectively.

The Foundation also has a lease agreement with Chorleywood Commons, LLC (a Kentucky limited liability company) to lease its farm located in Chestnut Hall in Prospect, Kentucky. The annual lease dates are March 15, 2024 through March 14, 2026, with an annual payment of $1.

8. NOTE PAYABLE

The Foundation had a payable to a financial institution due in 60 monthly payments of $676, including interest at 4.09% that was secured by equipment with an original maturity of October 2026 and a balance of $13,674 as of December 31, 2024. The note payable was paid off in April of 2025.

9. CONTRIBUTED NON-FINANCIAL ASSETS

For the years ended December 31, 2025 and 2024, the Foundation received contributions for hay, feed and other horse care expenses and recorded at their fair market value at the date of the gift. Donations for labor, supplies and essential services have been recorded. Volunteers have made significant contributions of their time in furtherance of the Foundation's mission. These services were not reflected in the accounting statements of activities because they do not meet the necessary criteria for recognition under U.S. GAAP. The Foundation received non-financial assets as follows for the year ended December 31,:

	2025	2024
Medical supplies	$ 32,658	$ 32,605
Special events	5,689	47,711
Veterinarian and dental	120	3,559
Blacksmith	-	5,392
Feed, hay and straw	-	21,164
Supplies	-	1,297
Transportation	-	1,500
	$ 38,467	$ 113,228

10. NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Donor restricted endowment funds:		
Endowment fund - original gift amount	$ 6,000,000	$ 6,000,000
Endowment fund - portion subject to appropriation	4,522,922	4,248,280
Subtotal	10,522,922	10,248,280
Donor restricted net assets:		
2nd chances expansion	64,802	54,902
Santulli hay and feed fund	50,616	45,862
Sophie's fund	17,532	-
BMO charitable	10,000	130,000
TERF grant	5,000	-
Pleasant Valley State Prison	1,294	26,001
Blackburn	-	7,360
Total net assets with donor restrictions	$ 10,672,166	$ 10,512,405

11. RETIREMENT PLAN

The Foundation has a 401(K) and profit sharing plan covering employes 21 years of age or older. Each eligible participant with an entry date first occurring on or after January 1, 2021, will be automatically enrolled in the plan as a participant. The minimum percentage of compensation a participant may elect to be treated as an elective deferral is 1% with the maximum being 90%, up to the applicable federal limit. Three percent of compensation will be deferred as a pre-tax elective deferral on the participants behalf. For the years ended December 31, 2025 and 2024, the Foundation did not contribute or match employee contributions.

12. SUBSEQUENT EVENTS

During January 2026, the Foundation withdrew $525,567, which represents 5% of the allowable fair market value of the Paul Mellon Endowment Fund under the current spending policy.

Subsequent events have been evaluated through May 28, 2026, which is the date the financial statements were available to be issued.

THOROUGHBRED RETIREMENT FOUNDATION, INC. Schedule I

SUMMARY SCHEDULE OF REVENUES AND EXPENSES BY LOCATION
FOR THE YEAR ENDED DECEMBER 31, 2025

			Second Chance Programs								
	National	Sanctuary Farms	Blackburn	JJP Florida	Lowell	Maryland	Pleasant Valley State Prison	Wallkill	Wareree SC	Wyoming	Total
REVENUE:											
Unrestricted revenue	$ 2,733,113	$ 57,914	$ 23,362	$ 954	$ 14,850	$ 334	$ 23,540	$ 27,042	$ 7,088	$ 261	$ 2,888,458
Total revenue	2,733,113	57,914	23,362	954	14,850	334	23,540	27,042	7,088	261	2,888,458
EXPENSES:											
Program services	523,786	825,026	180,975	29,322	246,124	47,239	40,180	146,921	81,806	3,965	2,125,344
Management and general	456,786	-	-	-	-	-	-	-	-	-	456,786
Fundraising	393,774	37,300	-	-	-	-	-	-	-	-	431,074
Total expenses	1,374,346	862,326	180,975	29,322	246,124	47,239	40,180	146,921	81,806	3,965	3,013,204
CHANGE IN NET ASSETS FROM OPERATIONS	1,358,767	(804,412)	(157,613)	(28,368)	(231,274)	(46,905)	(16,640)	(119,879)	(74,718)	(3,704)	(124,746)
NON-OPERATING REVENUE:											
Investment income, net	127,831	-	-	-	-	-	-	-	-	-	127,831
Gain on sale of fixed assets	43,722	-	-	-	-	-	-	-	-	-	43,722
Total non-operating revenue	171,553	-	-	-	-	-	-	-	-	-	171,553
Excess (deficiency) of revenue over expenses	$ 1,530,320	$ (804,412)	$ (157,613)	$ (28,368)	$ (231,274)	$ (46,905)	$ (16,640)	$ (119,879)	$ (74,718)	$ (3,704)	$ 46,807

The accompanying notes are an integral part of these statements.

THOROUGHBRED RETIREMENT FOUNDATION, INC. Schedule II

SCHEDULE OF PROGRAM SERVICES BY LOCATION
FOR THE YEAR ENDED DECEMBER 31, 2025

			Second Chance Programs								
	National	Sanctuary Farms	Blackburn	JJP Florida	Lowell	Maryland	Pleasant Valley State Prison	Wallkill	Wareree SC	Wyoming	Total
PROGRAM SERVICES:											
Feed, hay, and straw	$ 2,899	$ 134,769	$ 77,442	$ 15,688	$ 123,761	$ 25,032	$ 437	$ 84,886	$ 51,541	$ 1,239	$ 517,694
Salaries and wages	245,687	144,877	-	-	10,817	-	-	16,536	-	-	417,917
Board expenses	-	315,401	-	-	-	-	-	-	-	-	315,401
Veterinarian and dental	7,192	74,024	18,883	3,861	17,102	5,127	399	19,962	9,620	-	156,170
Blacksmith	-	36,628	27,844	2,725	20,648	2,720	-	9,810	5,500	270	106,145
Transportation	79,473	-	-	-	-	-	-	-	-	-	79,473
Medical supplies	4,312	30,520	17,990	744	11,002	3,851	148	5,439	553	271	74,830
Employee benefits	39,279	32,340	-	-	-	-	-	-	-	-	71,619
Supplies	6,347	11,067	16,325	1,789	14,751	7,954	302	3,876	3,753	2,108	68,272
Depreciation	65,456	-	-	-	-	-	-	-	-	-	65,456
Contract labor	200	-	-	-	25,861	-	23,844	-	-	-	49,905
Insurance	9,370	14,461	15,455	-	-	-	-	-	-	-	39,286
Payroll taxes	20,252	11,147	-	-	870	-	-	1,598	-	-	33,867
Repairs and maintenance	1,177	5,031	3,084	1,353	12,975	1,182	-	2,484	5,393	-	32,679
Travel	23,311	-	-	139	-	-	-	-	-	-	23,450
Training	2,891	-	-	-	-	-	15,000	-	-	-	17,891
Postage and freight	3,896	2,862	78	975	1,124	986	-	112	1,152	77	11,262
Grooming	2,000	2,644	1,251	680	-	353	-	522	-	-	7,450
Utilities	1,997	1,838	1,408	-	79	-	-	-	-	-	5,322
Pasture maintenance	-	360	1,188	284	2,945	-	-	58	380	-	5,215
Rent	-	5,000	-	-	-	-	-	-	-	-	5,000
Taxes and licenses	32	572	22	-	48	-	50	-	3,914	-	4,638
Office supplies	611	601	5	392	2,234	-	-	-	-	-	3,843
Meals and entertainment	2,017	651	-	692	47	-	-	-	-	-	3,407
Telephone	-	-	-	-	1,420	-	-	1,638	-	-	3,058
Bank charges	2,595	-	-	-	-	-	-	-	-	-	2,595
Dues	1,379	150	-	-	-	-	-	-	-	-	1,529
Interest	402	-	-	-	-	34	-	-	-	-	436
Internet	-	-	-	-	340	-	-	-	-	-	340
Advertising	102	83	-	-	100	-	-	-	-	-	285
Promotional	97	-	-	-	-	-	-	-	-	-	97
Printing and publications	8	-	-	-	-	-	-	-	-	-	8
Miscellaneous	804	-	-	-	-	-	-	-	-	-	804
Total expenses	$ 523,786	$ 825,026	$ 180,975	$ 29,322	$ 246,124	$ 47,239	$ 40,180	$ 146,921	$ 81,806	$ 3,965	$ 2,125,344

The accompanying notes are an integral part of these statements.