MAIN STAY THERAPEUTIC FARM, INC.

AUDITED FINANCIAL STATEMENTS

OCTOBER 31, 2024

MAIN STAY THERAPEUTIC FARM, INC.

TABLE OF CONTENTS

OCTOBER 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Main Stay Therapeutic Farm, Inc.
Richmond, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of

MAIN STAY THERAPEUTIC FARM, INC.
(a nonprofit organization)

which comprise the statement of financial position as of October 31, 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of Main Stay Therapeutic Farm, Inc. as of October 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United State of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Main Stay Therapeutic Farm, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in the notes to the financial statements, the Organization adopted new accounting guidance Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2022-02, *Financial Instruments-Credit Losses*. Our opinion is not modified with respect to this matter.

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 Main Stay Therapeutic Farm, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 Main Stay Therapeutic Farm, 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 Main Stay Therapeutic Farm, 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.

Eccezion

Eccezion
Strategic Business Solutions

McHenry, Illinois
March 10, 2025

FINANCIAL STATEMENTS

MAIN STAY THERAPEUTIC FARM, INC.
STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 2024

ASSETS

CURRENT ASSETS		
Cash and Cash Equivalents	$ 346,832	
Investments	1,086,049	
Accounts Receivable	190,953	
Prepaid Expenses	30,246	
Total Current Assets		$ 1,654,080
Property and Equipment, Net		4,732,119
Endowment Fund		44,308
TOTAL ASSETS		$ 6,430,507

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	$ 7,576	
Payroll Liabilities	45,898	
Deferred Revenue	54,603	
Total Current Liabilities		$ 108,077
NET ASSETS		
Without Donor Restrictions	$ 6,278,122	
With Donor Restrictions	44,308	
Total Net Assets		6,322,430
TOTAL LIABILITIES AND NET ASSETS		$ 6,430,507

The Notes to Financial Statements are an integral part of this statement.

MAIN STAY THERAPEUTIC FARM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES, GAINS, AND OTHER SUPPORT			
Support			
Grants	$ 551,600	$ -	$ 551,600
Contributions	124,744	-	124,744
In-Kind Contributions	10,921	-	10,921
Special Events	298,369	-	298,369
Program Revenue	182,858	-	182,858
Other Revenue			
Return on Investment, net	51,224	8,004	59,228
Gain/(Loss) on Sale of Fixed Assets	1,506	-	1,506
Other Income	1,606	-	1,606
Net Assets Released from Restrictions	1,561	(1,561)	-
Total Operating Revenues, Gains, and Other Support	$ 1,224,389	$ 6,443	$ 1,230,832
EXPENSES			
Program Services	$ 1,034,987	$ -	$ 1,034,987
Supporting Services			
Management and General	153,384	-	153,384
Fundraising	155,749	-	155,749
Cost of Direct Benefits to Donors	22,718	-	22,718
Total Expenses	$ 1,366,838	$ -	$ 1,366,838
CHANGE IN NET ASSETS	$ (142,449)	$ 6,443	$ (136,006)
NET ASSETS AT BEGINNING OF YEAR	6,234,953	37,865	6,272,818
NET ASSET ADJUSTMENT (Note 12)	185,618	-	185,618
NET ASSETS AT END OF YEAR	$ 6,278,122	$ 44,308	$ 6,322,430

The Notes to Financial Statements are an integral part of this statement.

MAIN STAY THERAPEUTIC FARM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2024

	Program Services	Supporting Services				
	Animal Assisted Activities and Therapeutic Riding Program	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Supporting Services	Total Expenses
Salaries, Wages and Payroll Taxes	$ 590,009	$ 101,037	$ 102,254	$ -	$ 203,291	$ 793,300
Professional Services	-	20,379	-	-	20,379	20,379
Students and Volunteers	8,597	205	-	-	205	8,802
Marketing	1,822	185	4,209	-	4,394	6,216
Office Expense	8	4,988	3,661	-	8,649	8,657
Occupancy	66,082	737	1,658	-	2,395	68,477
Depreciation	178,201	7,646	114	-	7,760	185,961
Insurance	51,542	5,499	83	-	5,582	57,124
Animal Feed and Vet Costs	67,844	49	-	-	49	67,893
Miscellaneous Animal Supplies	18,304	-	-	-	-	18,304
Equipment	8,372	70	6,271	-	6,341	14,713
Dues and Subscriptions	3,792	15	249	-	264	4,056
Printing and Publications	-	-	1,714	-	1,714	1,714
Professional Development	6,076	604	125	-	729	6,805
Telephone	12,074	157	365	-	522	12,596
Prizes	-	-		18,536	18,536	18,536
Invitations	-	-	3,800	-	3,800	3,800
Food and Facility	375	-	16,517	2,982	19,499	19,874
Entertainment	-	-	-	1,200	1,200	1,200
Miscellaneous	21,889	11,813	14,729	-	26,542	48,431
	$ 1,034,987	$ 153,384	$ 155,749	$ 22,718	$ 331,851	$ 1,366,838

The Notes to Financial Statements are an integral part of this statement.

MAIN STAY THERAPEUTIC FARM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (136,006)	
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	185,961	
(Gain)/Loss on Sale of Property and Equipment	(1,506)	
Unrealized (Gain)/Loss on Investments	(7,499)	
(Increase)/Decrease in Assets:		
Accounts Receivable	(178,714)	
Prepaid Expenses	(17,618)	
Increase/(Decrease) in Liabilities:		
Accounts Payable	(1,807)	
Payroll Liabilities	11,516	
Deferred Revenue	33,078	
Net Cash Flows Provided/(Used) by Operating Activities		$ (112,595)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	$ (44,354)	
Proceeds of Property and Equipment	9,000	
Purchase of Investments	(1,358,078)	
Proceeds from Sale of Investments	801,412	
Net Cash Flows Provided/(Used) by Investing Activities		(592,020)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		$ (704,615)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,054,717
CASH AND CASH EQUIVALENTS AT END OF YEAR		$ 350,102

The Notes to Financial Statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Main Stay Therapeutic Farm, Inc. ("the Organization") is a not-for-profit corporation organized in the State of Illinois. The Organization provides equine and animal related therapeutic activities to people with physical, developmental, emotional, and social disabilities. The Organization is supported primarily through fundraising activities and donations. Additional revenue is received by the Organization from private grants and program fees.

Basis of Accounting

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

Financial Statement Presentation

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 and changes therein are classified and reported as follows:

<u>Net Assets without Donor Restrictions</u> – 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.

<u>Net Assets with Donor Restrictions</u> – 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, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of these financial statements, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair value. Equity securities without readily determinable fair values are stated at cost.

Property and Equipment

The Organization capitalizes all expenditures for Property and Equipment with a cost of over $2,000 and an estimated useful life of 3 or more years. Purchased Property and Equipment is carried at cost. Donated Property and Equipment is carried at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building and Improvements	7 - 39 years
Furniture and Equipment	5 - 10 years
Horses	7 years
Vehicles	5 years

Revenue Recognition

The Organization recognizes program service fees when received in accordance with the accrual basis of accounting. Program service fees consist of fees charged to clients per lesson or session. The Organization evaluates all accounts aged past 120 days to estimate the portion which is uncollectible. Management represents that all program fees are 100% collectible and therefore no allowance is recognized in the financial statements. The Organization records special events revenue equal to the fair value of direct benefit to donors and contributions income for the excess received when the event takes place.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend on have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other 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.

Accounts Receivable & Allowance for Credit Losses

Accounts receivable is recorded net of an applicable allowance for credit losses. The Organization makes estimates of the un-collectability of its accounts receivable based on historical performance and projected trends. The Organization analyzes accounts receivable and historical bad debt levels, customer/grantor credit worthiness, and current economic trends when evaluation the adequacy of the allowance for credit losses.

Leases

Under the guidance of Topic 842, the Organization determines if an arrangement contains a lease at inception based on whether or not the Organization has the right to control the asset during the contract period and other facts and circumstances.

The Organization is the lessee in a lease contract when it obtains the right to control the asset. The right of use (ROU) assets represents the Organization's right to use underlying assets for the lease term, and the lease liabilities represent The Organization's obligation to make lease payments arising from these leases. The ROU assets resulting from operating leases and the related liabilities are separately stated on the face of the Statement of Net Position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term at the commencement date. ROU assets also can include adjustments related to lease payments made and/or lease incentives received at or before the commencement date. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not currently have any material operating type leases that fall under this policy.

Finance leases are those in which ownership is transferred, or an arrangement which results in either the present value of lease payments being greater than 90% of the fair market value of the asset or lease term being greater than 75% of the estimated useful life of the asset. Finance lease ROU assets and the related liabilities are separately stated on the face of the Statement of Net Position. The ROU asset is amortized over either the useful life of the asset or lease term, depending on the facts and circumstances of the lease. The Organization does not currently have any material financing type leases that fall under this policy.

Contributed Services/Materials

In-kind contributions of property and equipment are recorded as contributions at the estimated fair value of the property contributed at the date of the donation. In-kind contributions of services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by individuals possessing those skills and would otherwise need to be purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks that assist The Organization in carrying out their mission. Management estimates that 146 volunteers donated 8,434 hours of their services during the year ended October 31, 2024; however, these services do not meet the criteria for recognition as contributed services.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. All direct expenses have been allocated to the respective function. Salaries, benefits, payroll taxes, office expense, and insurance are allocated based on the time spent on each activity. All occupancy-related costs are allocated based on the coverage of space used for the programs. Professional services, depreciation, animal feed and vet costs, student volunteers, equipment, dues and subscriptions, and professional development costs are allocated based on usage.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expenses. Management evaluates, on an ongoing basis, the estimates and assumptions based on new information. Management represents that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and reported no unrelated business income for the year ended October 31, 2024. Management represents there are no uncertain tax position or other provision for income taxes that should be recognized in these financial statements. In addition, the Organization qualifies to receive deductible charitable contributions pursuant to Section 170(b)(1)(A)(vi).

NOTE 2 - CASH AND CASH EQUIVALENTS

The Organization maintains six bank accounts at four financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Deposits with financial institutions are Category 1 which includes deposits covered by federal depositing insurance or collateral held by the financial institutions.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Organization reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- *Level 2.* Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the Organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The Certificates of Deposits are classified as level 2 which are valued using pricing models based on credit quality, time to maturity and stated interest rates.

Fair values approximate carrying value for all assets and current liabilities, measured on a recurring basis, at October 31, 2024.

		Fair Value Measurements Using:	
October 31, 2024	Fair Value	Level 1	Level 2
Investments:			
Mutual Funds (Endowment)	$ 44,308	$ 44,308	$ -
Certificates of Deposit	1,086,049	-	1,086,049
Total	$ 1,130,357	$ 44,308	$ 1,086,049

NOTE 4 - INVESTMENTS

Investment return for the year ended October 31, 2024 consists of the following:

Interest and Dividends	$ 51,729
Unrealized Gain/(Loss) on Investments	8,004
Administrative Fees	(505)
	$ 59,228

NOTE 5 - AVAILABILITY AND LIQUIDITY

The following table shows the total financial assets held by the Organization and the amounts of those financial assets that could be readily made available within one year of the Statement of Financial Position date to meet general expenditures. The Organization's financial assets at October 31, 2024 are as follows:

	2024
Financial assets at year end:	
Cash and Cash Equivalents	$ 346,832
Investments	1,086,049
Accounts Receivable	190,953
Endowment Fund	44,308
Total Financial Assets	$ 1,668,142
Less amounts not available to be used within one year:	
Net Assets with Donor Restrictions	$ 44,308
	$ 44,308
Financial assets available to meet general expenditures over the next twelve months	$ 1,623,834

The Organization has $1,623,854 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditures. $44,308 of the total financial assets are subject to donor restrictions that make them unavailable for general expenditures within one year of the Statement of Financial Position date. If the Organization has Board-designated funds, a majority affirmative vote by the Organization's Board of Directors is required in order to access the funds for general expenditures. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet six months of normal operating expenses, which are on average approximately $500,000. The Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 6 - ENDOWMENT FUND

The Organization established a donor-restricted endowment fund with The Community Foundation for McHenry County ("the Community Foundation") in the fiscal year ending January 31, 2016. The terms of the agency endowment agreement ("the Agreement") required the Organization to contribute $525,000 which was comprised of a $500,000 contribution from the Organization and a grant in the amount of $25,000 from the Community Foundation. The Agreement provides for $25,000 of the fund as permanently endowed. During fiscal year 2021, the Organization withdrew their contribution amounts. The remaining $44,308 is a permanently endowed balance.

Interpretation of the Relevant Law:

The Board of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) 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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets without donor restrictions – board designated until those amounts are appropriated for expenditures by the Board of Directors, and such amounts are not subject to UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Organization and the donor-restricted endowment fund;
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 investment policies of the Organization.

Return Objective and Risk Parameters:

The Organization has agreed to the investment and spending policies of the Community Foundation for endowment assets. The Community Foundation policies attempt to provide a predictable stream of funding to the social services mission of the Organization.

Spending Policy:

The Organization has agreed to the Community Foundation's investment agreement for the endowment fund which states that after the one year of investment, the Organization will be eligible for an annual distribution based on the then current distribution rate. This distribution rate would be applied to the endowed fund along with the non-endowed or matching fund. An administrative fee of 1% will be deducted from the annual distribution.

The Organization's endowments have been classified as follows at October 31, 2024:

Agency Endowment Fund	Cost	Fair Market Value	Unrealized Gain/(Loss)
With Donor Restrictions	$ 25,000	$ 44,308	$ 19,308
	$ 25,000	$ 44,308	$ 19,308

During the year ended October 31, 2024, the Organization had the following endowment-related activities:

	With Donor Restrictions	Without Donor Restrictions	Total Endowment
Endowment net assets - 10/31/23	$ 36,304	$ -	$ 36,304
Return on Investment	8,509	-	8,509
Endowment Administrative Fees	(505)	-	(505)
Endowment net assets - 10/31/24	$ 44,308	$ -	$ 44,308

NOTE 7 - PROPERTY AND EQUIPMENT

Property and Equipment owned by the Organization at October 31, 2024 consists of the following:

	Cost	Accumulated Depreciation	Book Value
Land	$ 400,000	$ -	$ 400,000
Building and Improvements	6,044,421	1,801,181	4,243,240
Furniture and Equipment	242,236	201,201	41,035
Horses	61,194	25,752	35,442
Vehicles	20,668	8,266	12,402
	$ 6,768,519	$ 2,036,400	$ 4,732,119

Depreciation expense in the amount of $185,961 is reported on the Statement of Functional Expenses for the year ended October 31, 2024.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net Assets were donor-restricted at October 31, 2024 for the following purposes:

Purpose for Restrictions	Amount
Endowment Fund	$ 44,308
Total	$ 44,308

Net assets released from donor restrictions due to occurrence of expenditures in the amount of $1,561 is reported on the Statement of Activities for the year ended October 31, 2024.

NOTE 9 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about significant changes in deferred revenue for the year ended October 31, 2024:

Deferred revenue, beginning of the year	$	21,525
Revenue recognized that was included in deferred revenue at the beginning of the year		(21,525)
Increase in deferred revenue due to cash received during the year		54,603
Deferred revenue, end of the year	$	54,603

NOTE 10 - CONTRIBUTED NONFINANCIAL ASSETS

For the year ended October 31, 2024, contributed nonfinancial assets recognized within the Statement of Activities included:

	2024
Auction Prizes	$ 10,921
	$ 10,921

The Organization does not sell donated contributed non-financial assets and only distributes goods for programs and fundraising use. There were no donor restrictions on the contributed non-financial assets.

Gift-in-Kind Valuation Technique and Inputs: Contributed auction prizes, equipment, and services are valued at the estimated fair value on the basis of estimates of wholesale values that would be received for selling similar products and services in the United States.

NOTE 11 - RELATED PARTY TRANSACTIONS

The Organization benefits from contributions from board members and key employees. Aggregated contributions were received from board members in the amount of $79,294 during the year. This constitutes 7% of total support for the year ended October 31, 2024.

NOTE 12 – EMPLOYEE RETENTION CREDIT

The CARES Act provides an employee retention credit (“CARES Employee Retention credit”), which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter. The Organization qualified for the tax credit under the CARES Act for quarters one, two, and three in 2021 and quarters one and two of 2020. The Organization qualified for a total of $185,618 under this program, all of which was recorded as a net asset adjustment and accounts receivable during the year ended October 31, 2024.

This credit is still being processed. At this point it has not been rejected and is therefore still listed as accounts receivable.

NOTE 13 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 10, 2025, the date on which the financial statements were available to be issued.

NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLE

In June 2016, the FASB issued guidance (FASB ASC 326, *Financial Instruments-Credit Losses*) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Organization does not have any financial assets that are subject to the guidance in FASB ASC 326.