

# **THE GENTLE BARN FOUNDATION**

FINANCIAL STATEMENTS  
For the year ended December 31, 2024

# THE GENTLE BARN FOUNDATION

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Gentle Barn Foundation  
Newhall, California

### Qualified Opinion

I have audited the accompanying financial statements of The Gentle Barn Foundation (the "Foundation"), a non-profit organization, which comprise the statement of financial position as of December 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 my opinion, except for the effects of not including certain lease commitments in property and debt as described in the following Basis for Qualified Opinion section of this report, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024, and the results of its activities and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

### Basis for Qualified Opinion

As discussed in Note 5, U.S. GAAP requires that the Foundation use acceptable techniques to determine the proper capitalization and recording of lease commitments. The Foundation's management chose not to adopt this lease standard because the cost far outweighs the simple increase to property and related debt this standard would require. The effect of this departure from U.S. GAAP on financial position has not been determined, but the impact to the results of its activities and cash flows is minimal.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of these Financial Statements section of this report. I am required to be independent of the Foundation and to meet other ethical responsibilities in accordance with the relevant ethical requirement relating to this audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for this qualified 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 The Gentle Barn Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## INDEPENDENT AUDITOR'S REPORT

(continued)

### Auditor's Responsibilities for the Audit of the Financial Statements

My 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 an 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, I:

- 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 The Gentle Barn Foundation'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Gentle Barn Foundation'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.

*Wilton Robinson*

Wilton Robinson, CPA  
Culver City, California  
September 5, 2025

**THE GENTLE BARN FOUNDATION**  
(A Not-for-Profit Organization)

**STATEMENT OF FINANCIAL POSITION**  
December 31, 2024

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 190,034
Inventory	103,920
Prepays and other current assets	<u>14,071</u>
<b>Total Current Assets</b>	<b>308,025</b>

<b>Property and Equipment, net</b>	<u><b>2,696,277</b></u>
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<b>Total Assets</b>	<u><u><b>\$ 3,004,302</b></u></u>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable and accruals	\$ 52,572
Accrued salaries and related	110,878
Lines of credit	488,718
Credit cards payable	16,979
Sales tax payable	<u>10,314</u>
<b>Total Current Liabilities</b>	<b>679,461</b>

**Long-Term Liabilities**

Security deposits - tenants	<u>2,000</u>
<b>Total Long-Term Liabilities</b>	<u><b>2,000</b></u>
<b>Total Liabilities</b>	<b>681,461</b>

**Net Assets**

Without donor restrictions	2,322,842
With donor restrictions	<u>-</u>
<b>Total Net Assets</b>	<u><b>2,322,842</b></u>
<b>Total Liabilities and Net Assets</b>	<u><u><b>\$ 3,004,302</b></u></u>

See accompanying notes to financial statements

**THE GENTLE BARN FOUNDATION**  
(A Not-for-Profit Organization)

**STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 2,558,987	\$ -	\$ 2,558,987
Sunday program income	1,247,255	-	1,247,255
Merchandise sales			
Sunday in-store	374,284	-	374,284
Online	96,116	-	96,116
In-kind donation	-	-	-
Other income (losses)	31	-	31
<b>Total Revenues and Support</b>	<u>4,276,674</u>	<u>-</u>	<u>4,276,674</u>
<b>EXPENSES</b>			
Program services			
Animal care	3,224,247	-	3,224,247
Merchandise costs			
Sunday in-store	303,112	-	303,112
Online	-	-	-
<b>Total Program Services</b>	<u>3,527,359</u>	<u>-</u>	<u>3,527,359</u>
Support services	1,082,135	-	1,082,135
Fundraising	308,798	-	308,798
<b>Total Expenses</b>	<u>4,918,292</u>	<u>-</u>	<u>4,918,292</u>
<b>Changes in net assets</b>	(641,618)	-	(641,618)
Net assets released from restrictions	-	-	-
Net assets at beginning of year	<u>2,964,460</u>	<u>-</u>	<u>2,964,460</u>
<b>Net assets at end of year</b>	<u><u>\$ 2,322,842</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,322,842</u></u>

See accompanying notes to financial statements

**THE GENTLE BARN FOUNDATION**  
(A Not-for-Profit Organization)

**STATEMENT OF FUNCTIONAL EXPENSES**

For The Year Ended December 31, 2024

	Program Services	Support Services	Fundraising	Total
<b>EXPENSES</b>				
Advertising and promotion	\$ 28,605	\$ -	\$ 50,517	\$ 79,122
Animal care expenses	592,534	-	-	592,534
Auto expense	27,639	9,213	-	36,852
Bank fees	-	101,078	-	101,078
Cost of Sales	-	-	-	-
Depreciation	55,544	-	-	55,544
Employee benefits and related	176,131	88,066	29,355	293,552
Equipment rental	2,170	-	-	2,170
Insurance	185,576	185,576	-	371,152
Interest expense	-	12,727	-	12,727
Meals and entertainment	4,648	4,648	-	9,296
Office expenses	78,696	39,289	-	117,985
Outside labor	16,611	49,832	-	66,443
Professional fees	-	68,400	-	68,400
Property mainenance	82,756	-	-	82,756
Rent	69,300	23,100	-	92,400
Repairs and maintenance	-	5,498	-	5,498
Salaries	1,682,528	430,948	211,953	2,325,429
Sunday merchandise costs	303,112	-	-	303,112
Taxes and licenses	20,561	2,435	-	22,996
Telephone and internet	27,492	9,164	-	36,656
Travel expenses	16,972	-	16,973	33,945
Utilities	156,484	52,161	-	208,645
<b>Total Expenses</b>	<u>\$ 3,527,359</u>	<u>\$ 1,082,135</u>	<u>\$ 308,798</u>	<u>\$ 4,918,292</u>

See accompanying notes to financial statements

**THE GENTLE BARN FOUNDATION**  
(A Not-for-Profit Organization)

**STATEMENT OF CASH FLOWS**  
For The Year Ended December 31, 2024

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in net assets	\$ (641,618)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	55,544
(Increase) decrease in operating assets:	
Inventory	12,559
Prepays and other current assets	8,841
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(91,323)
Accrued salaries and related	(32,139)
Credit card payables	1,091
Sales tax payable	<u>(4,013)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(691,059)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of equipment	<u>(9,000)</u>
<b>Net cash provided by (used in) investing activities</b>	<u>(9,000)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Borrowings from line of credit	<u>388,718</u>
<b>Net cash provided by (used in) financing activities</b>	<u>388,718</u>

<b>Net increase (decrease) in cash and cash equivalents</b>	(311,341)
Cash and cash equivalents at beginning of year	<u>501,375</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 190,034</u></u>

**Supplemental disclosure of cash flow information:**

Cash paid during the year for:	
Interest	\$ 12,727
Income taxes	\$ -

See accompanying notes to financial statements



**THE GENTLE BARN FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Gentle Barn Foundation (the "Organization" or the "Foundation") is a nonprofit corporation established in 1999 under the laws of California. The Organization was created to bring children and animals together in a natural environment for the purpose of helping them learn the concepts of non-violence, unconditional love, and gain the sense of responsibility toward animals, to each other and the earth. The Organization rescues and shelters animals that are abused, neglected and abandoned and cares for them at several locations; two in Southern California (Santa Clarita and Agua Dulce), one in Tennessee (Christiana), and one in Missouri (Dittmer), although this location has been shuttered (Note 7). The Organization also hosts at-risk children and children with special needs and shares an interactive environment with the animals. Every Sunday, the Organization is open to the public and welcomes these children.

The Foundation has been hit with a tremendous downturn in charitable giving coupled with inflationary costs, but continues to try to improve its outreach and services to become more popular amongst donors. Management continues to improve its cash flow with the sale of the Missouri property (Note 7), access to improved lending (Note 3), and implementation of significant cost reductions including Tennessee staff adjustments. Looking ahead, the Foundation has identified several initiatives to expand its reach, increase revenue, and deepen its impact including Sunday program enhancements that add private tours at Agua Dulce, the improvement of merchandise and its visibility, and the launch of new fundraising campaigns and programs.

**Basis of Accounting and Financial Statement Presentation**

The Organization utilizes the accrual method of accounting in accordance with generally accepted accounting principles, whereby revenue is recognized when earned and expenses are recognized when incurred.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions, which are described as follows:

*Net Assets with Donor Restrictions* – Net Assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the pass of time, purpose, or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

*Net Assets Without Donor Restrictions* – Net assets for use in general operations and not subject to donor restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve through a board-designated endowment.

**THE GENTLE BARN FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Revenue Recognition**

Contributions and support are recognized when donors make promises to give to the Organization that are, in substance, unconditional. Contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenues are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Sunday program income and related merchandise sales are recognized when annual passes are issued and goods are received as the benefits provided to members are nominal and the revenues are, in effect, donations to the Foundation.

**In-Kind Support**

The Organization's policy is to recognize contributed professional services if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets and materials are recognized at fair market value when received. Donated services from volunteers are not recognized as contributions for financial statement purposes as the recognition criteria have not been satisfied. The Organization estimates that they received more than 15,000 volunteer hours per year.

**Shipping Revenue**

The Organization sells various types of branded merchandise on its website. Shipping fees and associated costs billed to customers are considered revenue and shipping and handling costs FOB shipping point.

**Fair Values of Financial Instruments**

The Organization's financial instruments consist of the cash and cash equivalents, receivables, payables, and accrued expenses. The carrying amounts reported in the statement of financial position approximate fair values based on quoted market prices or due to the short-term maturities of those instruments.

**THE GENTLE BARN FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalent (Concentration in Credit Risk)**

For purposes of the statement of cash flows, the Organization considers all demand deposits, money market funds, and unrestricted highly liquid investments with original maturities of three months or less to be cash equivalents.

The Organization maintains cash balances at several financial institutions within the Santa Clarita Valley area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Throughout the year cash balances may be in excess of these insured levels. Separate bank accounts are maintained for specific programs and funds designated by the Board for specific purposes.

**Inventory**

Inventory which amounted to \$103,920 represents apparel, bags, toys, and other branded merchandise available for sale on the Foundation's website or onsite at the Santa Clarita, CA, Dittmer, MO and Christiana, TN locations, and is stated at the lower of cost or net realizable value determined by first-in, first-out method.

**Income Taxes**

The Organization is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization that is not a private foundation. Accordingly, no provision for income tax is made in the financial statements. The 2021 through 2023 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2020 through 2023 tax years remain subject to examination by the State of California.

**Property and Equipment (Long-Lived Assets)**

Property and equipment are recorded at cost. Donations of significant property and equipment are recorded as support at their estimated fair value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions.

**THE GENTLE BARN FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property and Equipment (Long-Lived Assets) (continued)**

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization assesses the impairment of its long-lived assets, including property and equipment, whenever economic events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. Long-lived assets are considered to be impaired when the sum of the expected future operating cash flows, undiscounted and without interest charges, is less than the carrying amounts of the related assets. The Organization determined that no impairment loss needed to be recognized for any applicable assets during 2024.

Depreciation is computed using the straight-line method over the estimated useful life of the assets. Maintenance and repairs are expensed in the period incurred. The estimated useful lives of property and equipment are as follows:

Building and improvements	5 - 39	Years
Farm equipment and furniture	5 - 10	Years
Office furniture and equipment	5 - 7	Years
Vehicles	5	Years

**Advertising Costs**

It is the Organization's policy to charge advertising costs to operations when incurred and the costs amounted to \$79,122 during 2024.

**Expense Allocation**

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs like salaries and related benefits have been allocated among the programs and supporting services benefited.

**THE GENTLE BARN FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2024**

**NOTE 2 - PROPERTY AND EQUIPMENT**

At December 31, 2024, property and equipment consisted of the following:

Land	\$ 2,299,654
Building and land improvements	610,918
Farm equipment and furniture	96,863
Office furniture and equipment	57,214
Vehicles	<u>394,991</u>
	3,459,640
Less: Accumulated depreciation	<u>(763,362)</u>
Property and Equipment, net	<u><u>\$ 2,696,277</u></u>

Depreciation expense during 2024 was \$55,544.

Although not included in the table above nor considered an asset value of the Organization under U.S. GAAP, as of date of this report, the Organization estimated that there was approximately \$1.5 million of appreciation in the real estate it owns. Management always has the option to sell its real estate to gain this significant appreciation, which it has begun (Note 7).

**NOTE 3 – LINES OF CREDIT**

The Foundation has two lines of credit with two regional banks totaling \$900,000 with \$400,000 expiring on November 28, 2025, and \$500,000 expiring December 2, 2027. Borrowings under the lines of credit accrue interest at the bank's variable rate (7.75% and 7.50% at December 31, 2024, respectively). These lines of credit are secured by the Organization's property and equipment. At December 31, 2024, the outstanding balances were \$277,608 and \$211,110, respectively.

**NOTE 4 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure within one-year December 31, 2024 are as follows:

Cash and cash equivalents	\$ 190,034
Prepaid expenses and other	<u>14,071</u>
Total financial assets	204,105
Amounts not available to be used within one year	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 204,105</u></u>

**THE GENTLE BARN FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2024**

**NOTE 5 –RELATED PARTY ARRANGEMENTS**

The Organization leases approximately six acres of land in Santa Clarita, which includes the corporate office and animal housing, from two employees who are the original Founders of the Organization. The lease expired in April 2025 and continues on a month-to-month basis until management negotiates new terms. The total rent expense under this lease was \$92,400 during 2024.

Under this related party lease arrangement, the Foundation chose not to adopt the lease capitalization and recording requirements under Accounting Standards Codification (ASC) 842 of U.S. GAAP, which requires (a) all leases to be recorded on the balance sheet of lessees by recognizing a right-of-use asset and a lease liability based on the present value of the remaining lease payments and (b) disclosure of certain qualitative and quantitative information about leasing arrangements. As more fully described above, the costs of the Foundation's operating lease related to its Santa Clarita location have only been expensed as incurred in the accompanying statement of activities.

Certain employees of the Organization lease residences from the Organization at its properties located in Agua Dulce, CA, Christiana, TN and Dittmer, MO. In exchange for housing, the employees perform certain farm duties. The duties are in addition to the employee's daytime employment with the Organization and are compensated separately by the provision of living quarters. Each lease ends upon the termination of the employment, at which time the employee has a limited time to vacate the residence.

It is possible that the terms of the related party transactions noted herein are not the same as those that would result with transactions among wholly unrelated parties.

**NOTE 6 – RETIREMENT PLAN**

The Organization sponsors a 403(b) pension plan for all regular full-time employees who have completed at least 60 days of employment at the Organization. After a specified period of employment, the plan provided the employee with a vested interest related to their length of employment. There have been no matching or employer contributions to this plan thus far.

**NOTE 7 - SUBSEQUENT EVENTS**

In October 2024, the Organization made the difficult decision to shutter its Missouri operation and put the land up for sale. All the animals and supplies were transported to the Tennessee and California locations. In January 2025 the property was sold for approximately \$570,000.

Management has evaluated subsequent events through September 5, 2025, the date on which the financial statements were available to be issued and concluded that there were no additional subsequent events to report.