Shining Hope Farms

Financial Statements

Year Ended December 31, 2025

FOARD
EST. 1964

SHINING HOPE FARMS
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FOARD
EST. 1964

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Shining Hope Farms
Mount Holly, North Carolina

Opinion
We have audited the accompanying financial statements of Shining Hope Farms (the "Organization" - 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 financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shining Hope Farms as of December 31, 2025, 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 States of America.

Basis of 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 Shining Hope Farms 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.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 Shining Hope Farms's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, including omissions, 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.

MEMBER: AMERICAN INSTITUTE OF CPAS & NORTH CAROLINA ASSOCIATION OF CPAS

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 purposes of expressing an opinion on the effectiveness of Shining Hope Farms'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 Shining Hope Farms'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

We have previously audited the Organization's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 25, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foard & Company, P.A.

June 8, 2026

SHINING HOPE FARMS

Statement of Financial Position

December 31, 2025, with prior year comparative totals

	December 31, 2025	December 31, 2024
ASSETS		
Current Assets:		
Cash	$ 73,450	$ 161,997
Receivables:		
Promises to give	60,000	60,000
Other	57,941	23,189
Total Current Assets	***191,391***	***245,186***
Non-Current Assets:		
Beneficial interest	79,578	72,243
Promises to give, less current portion	265,608	177,100
Property and equipment, net of accumulated depreciation	589,610	570,397
Total Non-Current Assets	***934,796***	570,397
TOTAL	***$ 1,126,187***	***$ 1,064,926***
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 15,719	13,170
Credit cards payable	20,937	22,931
Payroll liabilities	36,566	50,028
Deferred revenue	5,280	-
Notes payable (current portion)	14,174	55,264
Total Current Liabilities	***92,676***	***141,393***
Long-Term Liabilities:		
Notes payable (less current portion)	188,340	158,397
Total Liabilities	***281,016***	***299,790***
Net Assets:		
Without Donor Restrictions:		
Designated	79,578	72,243
Undesignated	430,167	440,793
Total Net Assets Without Donor Restrictions	***509,745***	***513,036***
With donor restrictions	335,426	252,100
Total Net Assets	***845,171***	***765,136***
TOTAL	***$ 1,126,187***	***$ 1,064,926***

SHINING HOPE FARMS

Statement of Activities

Year Ended December 31, 2025, with prior year comparative totals

	December 31, 2025			Prior Year Comparative Totals
	Without Donor Restrictions	With Donor Restrictions	TOTALS	
SUPPORT AND REVENUE				
Fees for service	$ 837,223	$ -	$ 837,223	575,208
Grants	120,582	-	120,582	73,261
Contributions	314,029	13,500	327,529	421,023
In-kind contributions	97,107	140,376	237,483	65,708
Fundraising and special events, net of $48,921 direct benefit	243,298	-	243,298	192,177
Investment income	8,594	-	8,594	11,039
Other income	5,510	-	5,510	5,539
Net assets released by:				
Payment	18,682	(18,682)	-	-
Time	51,868	(51,868)	-	-
TOTAL	***1,696,893***	***83,326***	***1,780,219***	***1,343,955***
EXPENSES				
Program services	1,489,392	-	1,489,392	1,175,393
Management and general	190,843	-	190,843	201,589
Fundraising	19,949	-	19,949	26,229
TOTAL	***1,700,184***	***-***	***1,700,184***	***1,403,211***
CHANGE IN NET ASSETS	***(3,291)***	***83,326***	***80,035***	***(59,256)***
NET ASSETS, BEGINNING	***513,036***	***252,100***	***765,136***	***824,392***
NET ASSETS, ENDING	***$ 509,745***	***$ 335,426***	***$ 845,171***	***765,136***

SHINING HOPE FARMS

Statement of Functional Expenses

Year Ended December 31, 2025, with prior year comparative totals

	Program Services	Management and General	Fundraising	TOTALS	Prior Year Comparative Totals
SALARIES AND BENEFITS					
Salaries	$ 859,253	$ 114,366	$ 11,712	$ 985,331	767,489
Payroll taxes	63,174	8,408	861	72,443	48,045
Total	***922,427***	***122,774***	***12,573***	***1,057,774***	***815,534***
OTHER EXPENSES					
Supplies	83,391	480	49,600	133,471	164,422
Contracted services	197,028	52,372	-	249,400	196,502
Repairs and maintenance	19,551	112	22	19,685	32,149
Occupancy	77,608	3,129	379	81,116	78,701
Operations	74,881	-	-	74,881	67,900
Depreciation	48,208	3,180	4,452	55,840	56,099
Insurance	38,007	4,000	763	42,770	26,030
Vehicle expense	11,886	-	-	11,886	8,001
Training	1,598	4,000	763	6,361	3,661
Interest	14,807	796	318	15,921	12,880
Total	***566,965***	***68,069***	***56,297***	***691,331***	***646,345***
Less - Special Events Costs Deducted from Revenue	-	-	48,921	48,921	***58,668***
TOTAL EXPENSES	***$ 1,489,392***	***$ 190,843***	***$ 19,949***	***$ 1,700,184***	***1,403,211***

SHINING HOPE FARMS

Statement of Cash Flows

Year Ended December 31, 2025, with prior year comparative totals

	Year Ended December 31,	
	2025	2024
OPERATING ACTIVITIES		
Change in net assets	$ 80,035	$ (59,256)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation expense	55,840	56,099
Loss on disposal of fixed assets	1,947	-
Donated fixed assets	(66,000)	-
Decrease (increase) in fair value of beneficial interest	(7,335)	(9,468)
(Increase) decrease in operating assets:		
Receivables	(123,260)	47,651
Increase (decrease) in operating liabilities:		
Accounts payable	2,549	2,302
Credit cards payable	(1,994)	10,599
Payroll liabilities	(13,462)	15,014
Deferred revenue	5,280	-
Cash Flows from Operating Activities	***(66,400)***	***62,941***
INVESTING ACTIVITIES		
Purchase of fixed assets	(11,000)	(35,588)
Purchase of investments	-	(20,243)
Sale of investments	-	50,000
Cash Flows from Investing Activities	***(11,000)***	***(5,831)***
FINANCING ACTIVITIES		
Principal paid on notes payable	(11,147)	(9,034)
Cash Flows from Financing Activities	***(11,147)***	***(9,034)***
CHANGE IN CASH	***(88,547)***	***48,076***
CASH, BEGINNING	***161,997***	***113,921***
CASH, ENDING	***$ 73,450***	***$ 161,997***

NOTE 1 – NATURE OF ACTIVITIES

Organization
Shining Hope Farms (the Organization) is a North Carolina not-for-profit corporation that was formed in 2002. The mission of the Organization is to enable children and adults to reach their full potential through the use of equine-assisted activities and therapy services. Shining Hope Farms operates three locations (Charlotte, Mt. Holly, and Conover, NC) serving 19 surrounding counties in the Western Piedmont region of North Carolina, offering equine-assisted services and enriching clinical therapies to benefit individuals of all ages with disabilities, veterans, and those in need of mental health counseling.

Purpose and programs
Since 2002, Shining Hope Farms has enhanced the quality of life for children and adults in the Western Piedmont region of North Carolina who have mental health needs, developmental disabilities, medical conditions, or behavioral challenges through a continuum of innovative programs. These include clinical therapies that incorporate a nature-based approach and the strategic use of equine movement or interaction, as well as adaptive horseback riding lessons that provide recreational opportunities and meaningful physical, emotional, and social benefits. We are deeply committed to equitable access, with 40% of our clients living below 200% of the poverty line and the majority paying no out-of-pocket costs for these life-changing services. The Organization's main programs are:

Clinical Therapy Services
Occupational, physical, and speech therapy are offered in a traditional clinic setting, as well as in an enriching nature-based setting. The Organization offers equine movement and interaction, where appropriate, as a treatment tool in the overall therapy plan. Last year, we served 238 patients from 19 counties over the course of 5,983 visits. This service is vital for our community, as we are the only PATH Intl.-accredited provider offering the highly effective hippotherapy treatment strategy in the Charlotte Metro area.

Mental Health Counseling
This incorporates our nature-based environment with select sessions incorporating equine interaction as a biofeedback mechanism. This provides the patient with real-time opportunities to enhance self-awareness and re-pattern maladaptive behaviors, feelings, and attitudes. Last year, we served 50 patients over the course of 620 weekly visits. We also served 163 clients over 38 group visits with the Freedom Detox and Recovery Center and a domestic violence center.

Adaptive Horseback Riding Lessons
These group and private lessons are conducted by PATH Intl. Certified Therapeutic Riding Instructors. They include mounted and unmounted activities and fun, creative games to develop horsemanship skills and provide the healthful benefits of interacting with horses. Lessons have a variety of physical, social, and emotional benefits. Last year, we served 96 riders over the course of 1,704 weekly lessons in this program.

Saddles & Salutes
This program supports Veterans and their families' wellness as part of their community reintegration. They can participate in any of our services free of charge, with staff specially trained to work with the veteran population. Last year, we helped 19 veterans through adaptive riding lessons.

Equine-Assisted Learning
Formally launched in 2025, our Equine-Assisted Learning (EAL) program serves individuals, groups, and families through unmounted horsemanship activities designed to build essential leadership, communication, and emotional regulation skills. The program utilizes the natural, non-judgmental feedback of horses to teach accountability and teamwork. A cornerstone of this initiative is our vital partnership with the Catawba County Juvenile Crime Prevention Council (JCPC), which directly addresses a critical community service gap by providing experiential, intensive Family Skill Building Sessions for at-risk and court-involved youth. By engaging the entire family unit in the arena to break down communication barriers and foster behavioral change, this restorative program successfully guided nine local families through 44 intensive sessions in its inaugural year, effectively bridging lessons from the barn back into the home to prevent further justice system involvement.

Funding sources
The Organization is supported primarily by fees paid for services, fundraising efforts, and voluntary contributions and grants that are received primarily from individuals, companies, and foundations.

Basis of accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in day-to-day operations of the Organization and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position. During the year, the Organization had a beneficial interest at Gaston Community Foundation of $79,578 designated as an emergency fund.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of spendable and non-spendable amounts. Spendable amounts are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time.

When a restriction expires, that is 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 statement of activities as net assets released from restrictions. Non-spendable amounts are subject to donor-imposed stipulations that they be maintained permanently by the Organization. During the year ended December 31, 2025, the Organization had no non-spendable net assets with donor restrictions.

Presentation
Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are recorded as decreases in net assets without donor restrictions. Unconditional promises to give are recorded when the promise is made. Conditional promises to give are not recognized until they become unconditional. This occurs when the conditions on which they depend are substantially met. Amounts that are received under reimbursement contracts from governmental sources are shown as revenue when the expenses are incurred rather than when the contract is awarded.

Federal income tax status
The Organization is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3). The Organization is classified as other than a private foundation as defined by Section 509(a) of the Internal Revenue Code.

Property and equipment
Property and equipment with a value of $1,000 or more is recorded at cost if purchased or fair value if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation expense is recorded using the straight-line method of depreciation over the estimated useful lives of the assets, which range from seven to ten years for furniture and equipment and livestock to 15 years for leasehold improvements and 40 years for buildings.

Donated services and goods
Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in support at fair value. The Organization recorded $97,107 of donated goods and supplies which were primarily utilized for program and fundraising purposes.

The Organization records the value of the use of farms located in Charlotte and Conover at an estimated annual rental value of $30,000 per year for each property. During the year the Organization received a five-year commitment for a property which was valued at $140,376 net of a present value discount.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with program services, management and general, and fundraising efforts.

The Organization is especially reliant on volunteers for program services and donated facilities at two of its three locations. The Organization does not record the value of other donated services in its financial statements since the value of the services does not meet the requirements for recognition in the financial statements.

Leases
The Organization has adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-02, *Leases*. However, the implementation of this standard had no effect on its financial statements.

Functional allocation of expenses
Expenses that are inherently program, management and general, or fundraising, are charged directly to those functions. Facility costs are allocated based on the estimated square footage utilized by that function. All other expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent.

Use of estimates
The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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 support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – RECEIVABLES

Unconditional promises to give
The balance of unconditional promises to give as of December 31, 2025, represents the estimated annual rental value of donated farm usage and is due from a single donor. A present value discount has been provided, utilizing risk-free interest rates at the inception of each lease agreement. Unconditional promises to give as of December 31 are as follows:

2026	$	60,000
2027		60,000
2028		60,000
2029		60,000
2030 & Thereafter		120,000
TOTAL		360,000
Less - Present value discount		34,392
Promises to Give, Net	$	325,608

NOTE 3 – INVESTMENTS

Beneficial interest
The $79,578 balance in investments at year-end consists of shares in the long-term growth fund at Community Foundation of Gaston County, Inc.

Fair value measurements
Generally accepted accounting principles require the fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's beneficial interest is classified as a Level 3 asset and its value is determined based on the fair value of the underlying assets, which are generally publicly traded.

Changes in Level 3 assets were as follows during the year:

Balance, beginning of year	$	72,243
Net increase in value		7,335
Balance, end of year	$	79,578

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2025, is comprised of the following:

Land	$	183,553
Buildings and improvements		660,429
Furniture and equipment		190,596
Vehicles		95,098
Livestock		66,367
Total		1,196,043
Less - accumulated depreciation and amortization		606,433
TOTAL	$	589,610

NOTE 5 – NOTES PAYABLE

Note payable
The Organization owes $45,288 on an unsecured note payable with a local financial institution. Payments of $1,054 are due monthly and applied first to interest at a fixed rate of 9.75% and then to principal until the note matures in April 2030.

Mortgage payable
The Organization owes $157,226 to the United States Department of Agriculture (USDA) under a note agreement which originated in 2015. The note requires annual payments in June of each year of $11,067, applied first to interest at a fixed rate of 3.50% and then to principal until the note matures in 2045. The note is secured by the Organization's real estate located in Mount Holly, North Carolina.

Interest expense
Interest paid during the year ended December 31, 2025, was $15,921.

Maturities
Maturities of long-term debt occur during the year ending December 31:

2026	$ 14,174
2027	15,248
2028	16,416
2029	17,691
2030	11,595
Thereafter	127,390
TOTAL	$ 202,514

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2025, were restricted to be used for the following purposes:

Time-restricted – use of facilities		$
Use of facilities	$ 325,608	
Other	2,000	327,608
Purpose-restricted – capital of expenditures		7,818
TOTAL		$ 335,426

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has $131,391 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of $73,450 and receivables of $57,941, which are expected to be collected during the year. Of this amount, $7,818 of these assets are subject to donor restrictions that they are utilized for a specific purpose. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management the Organization invests cash in excess of daily requirements in short-term investments, primarily money market funds. The Organization also maintains an emergency fund with a year-end balance of $79,578 which could also be utilized to meet unexpected cash needs.

NOTE 8 – CONCENTRATION OF RISKS

Concentration of revenue
The Organization received 18% of its contributions from a single donor, as well as the usage of a farm. This represents a concentration of risk that operations could be affected if the donor reduced or eliminated their support.

Geographic area
The Organization operates in a small geographic area and therefore, is sensitive to changes in the local economy.

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.