GRAYSON-JOCKEY CLUB RESEARCH FOUNDATION, INC.

FINANCIAL STATEMENTS

December 31, 2025 and 2024



GRAYSON-JOCKEY CLUB RESEARCH FOUNDATION, INC.

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DEANDORTON

Independent Auditor's Report

To the Board of Directors
Grayson-Jockey Club Research Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Grayson-Jockey Club Research Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2025 and 2024, the related statements of activities and cash flows for the years 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 the Foundation as of December 31, 2025 and 2024, 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 audits 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 the Foundation 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 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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 the 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Dean Dorton Allen Ford, PLLC

Lexington, Kentucky
November 5, 2026

GRAYSON-JOCKEY CLUB RESEARCH FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 1,338,943	$ 2,113,441
Investments at fair value	53,525,725	48,307,919
Contributions receivable	153,704	55,992
Prepaid expenses	52,126	43,472
Fixed assets, net	1,276	4,594
	$ 55,071,774	$ 50,525,418
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	$ 148,825	$ 201,789
Total liabilities	148,825	201,789
Net Assets		
Without donor restrictions	31,374,409	26,891,475
With donor restrictions	23,548,540	23,432,154
Total net assets	54,922,949	50,323,629
TOTAL LIABILITIES AND NET ASSETS	$ 55,071,774	$ 50,525,418

See accompanying notes to financial statements

GRAYSON-JOCKEY CLUB RESEARCH FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Year ended December 31, 2025

	Without donor restrictions	With donor restrictions	Total
REVENUE			
Contributions and membership dues	$ 2,042,537	$ 107,245	$ 2,149,782
Proceeds from fundraisers	116,870	-	116,870
Investment income, net	416,758	254,221	670,979
Net realized and unrealized gains from investments	3,081,186	2,069,569	5,150,755
Other	107,684	-	107,684
Net assets released to (from) restrictions	2,314,649	(2,314,649)	-
Total revenue	8,079,684	116,386	8,196,070
EXPENDITURES			
Grants	2,698,543	-	2,698,543
Professional fees	725,520	-	725,520
Travel and meetings	100,830	-	100,830
Seminars and summits	-	-	-
General and administrative expenses	71,858	-	71,858
Total expenditures	3,596,751	-	3,596,751
CHANGE IN NET ASSETS	4,482,934	116,386	4,599,319
NET ASSETS, BEGINNING OF PERIOD	26,891,475	23,432,154	50,323,629
NET ASSETS, END OF PERIOD	$ 31,374,409	$ 23,548,540	$ 54,922,949

See accompanying notes to financial statements

GRAYSON-JOCKEY CLUB RESEARCH FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Year ended December 31, 2024

	Without donor restrictions	With donor restrictions	Total
REVENUE			
Contributions and membership dues	$ 2,009,310	$ 281,200	$ 2,290,510
Investment income, net	347,154	229,370	576,524
Net realized and unrealized gains from investments	3,641,167	2,745,729	6,386,896
Other	32,270	-	32,270
Net assets released to (from) restrictions	1,275,777	(1,275,777)	-
Total revenue	7,305,678	1,980,522	9,286,200
EXPENDITURES			
Grants	2,423,608	-	2,423,608
Professional fees	734,375	-	734,375
Travel and meetings	85,333	-	85,333
General and administrative expenses	95,939	-	95,939
Total expenditures	3,339,255	-	3,339,255
CHANGE IN NET ASSETS	3,966,423	1,980,522	5,946,945
NET ASSETS, BEGINNING OF PERIOD	22,925,052	21,451,632	44,376,684
NET ASSETS, END OF PERIOD	$ 26,891,475	$ 23,432,154	$ 50,323,629

See accompanying notes to financial statements

GRAYSON-JOCKEY CLUB RESEARCH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 4,599,319	$ 5,946,945
Adjustments to reconcile change in net assets to net cash used in operating activites		
Depreciation	3,318	3,063
Net realized and unrealized gains from investments	(5,150,755)	(6,386,896)
Changes in assets and liabilities		
Contributions receivable	(97,712)	29,758
Other receivables	-	-
Prepaid expenses	(8,653)	(34,749)
Accounts payable and accrued liabilities	(52,964)	570
Net cash used in operating activities	(707,447)	(441,309)
Cash flows from investing activities		
Additions to fixed assets	-	-
Proceeds from sales of securities	18,550,565	14,334,367
Purchases of securities	(18,617,615)	(14,507,317)
Net cash used in investing activities	(67,050)	(172,950)
Net change in cash and cash equivalents	(774,497)	(614,259)
Cash and cash equivalents, beginning of period	2,113,441	2,727,700
Cash and cash equivalents, end of period	$ 1,338,943	$ 2,113,441

See accompanying notes to financial statements

NOTE 1 – ORGANIZATION

On August 3, 1989, Grayson Foundation merged with The Jockey Club Research Foundation to create the Grayson-Jockey Club Research Foundation, Inc. (the "Foundation"). The purpose of this organization is to further research and education in the equine industry. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from state and local income taxes.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Net Assets

The accounts of the Foundation are maintained on the basis of net assets without donor restrictions and with donor restrictions. Net assets without donor restrictions are available to support research programs approved by the Board of Directors (the "Board") and to fund general operations. Net assets with donor restrictions relate to donations that have been either pledged but not yet received and/or subject to donor restrictions. Related gains and losses of the endowment fund are also subject to donor restrictions and are reclassed to net assets without donor restrictions once the restriction has been released.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities and the disclosure 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 Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash and have original maturities of three months or less when purchased. The Foundation maintains amounts on deposit with various financial institutions, which may, at times, exceed Federally insured limits. The Foundation periodically evaluates the creditworthiness of those institutions, and the Foundation has not experienced any losses on such deposits.

Investments

Investments are reported at fair value. The fair value of such investments is based on quoted market prices.

Revenue Recognition

The Foundation recognizes contributions when cash, securities, other assets, or an unconditional promise to give is received. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Grants

Grants are recorded on an accrual basis, which is generally when the funds are disbursed.

(Continued)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Professional Services

The management and staff of the Foundation are contracted from The Jockey Club and related compensation and benefits are billed to the Foundation pursuant to agreements between the parties. These costs totaled $557,997 and $530,921 in 2025 and 2024, respectively, and are included in Professional fees in the accompanying Statements of Activities. Additionally, certain administrative services (e.g., accounting and certain office space in New York) are provided by The Jockey Club. These services are not reflected in the accompanying financial statements since such amounts would not be material.

Functional Allocation of Expenses

The costs of providing the program and administrative functions have been summarized on a functional basis in Note 8. Accordingly, certain costs have been allocated between program services, fundraising services and management and general based principally on specific identification and cost allocations based upon estimates provided by management of the Foundation. These estimates are based upon time reporting for various functional expenses.

NOTE 3 – INVESTMENTS

Investments at fair value consist of the following:

	2025	2024
Mutual funds	$ 46,283,135	$ 43,649,615
Common stock	1,360	52,594
U.S. treasury	7,241,230	4,605,710
	$ 53,525,725	$ 48,307,919

Interest and dividend earnings on these investments were $670,979 and $576,524 in 2025 and 2024, respectively. Net realized and unrealized gains from investments reported in the accompanying Statements of Activities totaled $5,150,755 and $6,386,896 in 2025 and 2024, respectively.

NOTE 4 – FAIR VALUE MEASUREMENTS

ASC 820-10 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by several factors, including the type of investment and the characteristics specific to the investments. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market observability and a lesser degree of judgment used in measuring fair value.

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NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I - Quoted prices are available in active markets for identical investments as of the reporting date.

Level II - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III - Pricing inputs are unobservable and include situations where there is little, if any, market activity for the investment. Fair value for these investments is determined using valuation methodologies that consider a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions following the acquisition of the investment.

All of the Foundation's investments are classified as Level I under ASC 820-10 (quoted prices in active markets for identical investments).

	2025			
	Level I	Level II	Level III	Total
Mutual funds:				
US equities	$ 38,086,639	$ -	$ -	$ 38,086,639
Global	8,196,496	-	-	8,196,496
Total mutual funds	46,283,135	-	-	46,283,135
U.S. treasury	7,241,230	-	-	7,241,230
Common stock	1,360	-	-	1,360
	$ 53,525,725	$ -	$ -	$ 53,525,725

	2024			
	Level I	Level II	Level III	Total
Mutual funds:				
US equities	$ 35,549,775	$ -	$ -	$ 35,549,775
Global	8,099,840	-	-	8,099,840
Total mutual funds	43,649,615	-	-	43,649,615
U.S. treasury	4,605,710	-	-	4,605,710
Common stock	52,594	-	-	52,594
	$ 48,307,919	$ -	$ -	$ 48,307,919

(Continued)

NOTE 5 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at December 31, 2025:

Amounts due in one year or less	$	103,704
Amounts due in one to five years		50,000
Total contributions receivable	$	153,704

Contributions receivable due after one year have not been discounted to the present value of estimated future cash flows as the Foundation believes discounting to the present value would not result in a significant difference in the amount recorded. The Foundation believes all contributions receivable to be collectible at December 31, 2025; therefore, no allowance for uncollectible amounts has been recorded.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31:

	2025	2024
Donations pledged not yet received and / or subject to donor restrictions	$ 775,381	$ 2,728,564
Endowment net assets	22,773,159	20,703,590
	$ 23,548,540	$ 23,432,154

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by appropriation of endowment earnings for expenditure as follows for the years ended December 31:

	2025	2024
Satisfaction of purpose restrictions		
Equine research	$ 1,970,170	$ 952,833
Lavin Chair	90,258	93,574
Total purpose restrictions satisfied	$ 2,060,428	$ 1,046,407
Restricted-purpose spending-rate appropriations from endowment	254,221	229,370
	$ 2,314,649	$ 1,275,777

(Continued)

NOTE 7 – ENDOWMENTS

The Foundation's net assets with donor restrictions consist of donor restricted investments to be held indefinitely, with the income therefrom expendable to support the purpose of the Foundation and its operations. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at December 31, 2025 and 2024 was:

	With donor restrictions	
	2025	2024
Accumulated earnings on original gift	$ 16,863,874	$ 14,794,305
Original gift restricted in perpetuity	5,909,285	5,909,285
Total	$ 22,773,159	$ 20,703,590

	With donor restrictions
Net assets, January 1, 2024	$ 17,957,861
Investment return	
Investment income	229,370
Net realized and unrealized gain from investments	2,745,729
Total investment return	2,975,099
Appropriation of assets for expenditure	(229,370)
Net assets, December 31, 2024	20,703,590
Investment return	
Investment income	254,221
Net realized and unrealized gains from investments	2,069,569
Total investment return	2,323,790
Appropriation of assets for expenditure	(254,221)
Net assets, December 31, 2025	$ 22,773,159

(Continued)

NOTE 7 – ENDOWMENTS (Continued)

Interpretation of UPMIFA
The Foundation follows the State of New York's version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and has interpreted UPMIFA as requiring the preservation of the fair value of the original and subsequent gifts 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 Foundation classifies as net assets with donor restrictions restricted in perpetuity

(a) the original value of the principal designated as an endowment,
(b) the original value of the principal of subsequent gifts to the endowment, and
(c) the accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions restricted in perpetuity is classified as net assets with donor restrictions restricted by purpose or passage of time until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation 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 Foundation
7. The investment policies of the Foundation

Return Objectives and Risk Parameters
The Foundation has adopted investment and spending policies for endowment assets that attempt to provide predictable streams of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as Board-designated funds. Under this policy, as approved by the Board, the Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(Continued)

NOTE 7 – ENDOWMENTS (Continued)

Strategies Employed for Achieving Objectives
The purpose of the endowment fund is to facilitate donors' desires to make substantial long-term gifts to the Foundation to develop a new and significant source of revenue for the Foundation. In so doing, the endowment fund will provide a secure, long-term source of funds to (a) carry out the Foundation's purpose of furthering research and education in the equine industry or, (b) support the operational expenses of the Foundation as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to the Spending Policy
The distribution rate is based upon withdrawing the investment income for spending each year and allowing capital appreciation to be reinvested in the fund. For the years ended December 31, 2025 and 2024, $254,221 and $229,370, respectively, of investment income from the endowment fund was spent and $0 of the capital appreciation was spent, respectively. The spending is determined by the Foundation's management, who may elect to make no distributions from the fund in any given year.

Funds with Deficiencies
From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual donation. Deficiencies of this nature that are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2025 and 2024.

(Continued)

NOTE 8 – FUNCTIONAL CLASSIFICATION OF EXPENSES

The Statements of Activities report certain categories of expenses attributable to grants, programs and general and administrative functions of the Foundation and are categorized by natural classification for the years ended December 31, 2025 and 2024, as follows:

	2025			
	Program	Fundraising	Management	Total
Grants	$ 2,698,543	$ -	$ -	$ 2,698,543
Professional fees	147,066	509,820	68,634	725,520
Travel and meetings	68,856	23,980	7,994	100,830
Printing	3,181	27,990	636	31,807
Other	523	7,506	32,022	40,051
	$ 2,918,169	$ 569,296	$ 109,286	$ 3,596,751

	2024			
	Program	Fundraising	Management	Total
Grants	$ 2,423,608	$ -	$ -	$ 2,423,608
Professional fees	149,811	518,374	66,190	734,375
Travel and meetings	59,424	19,434	6,475	85,333
Printing	3,138	27,611	628	31,377
Other	569	7,570	56,423	64,562
	$ 2,636,550	$ 572,989	$ 129,716	$ 3,339,255

(Continued)

NOTE 9 – LIQUIDITY AND AVAILABILITY

The Foundation's financial assets available within one year of the Statements of Financial Position date for general expenditure are as follows:

Cash	$ 1,338,943
Investments at fair value	53,525,725
Contributions receivable	153,704
Less: Donor restricted funds	(23,548,540)
	$ 31,469,832

As part of the Foundation's liquidity management, the Foundation maintains cash to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 10 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through the date the accompanying financial statements were available to be issued, which was November 5, 2026. No subsequent events have been identified that are required to be accounted for or disclosed.