

Lucky Orphans Horse Rescue, Inc.

Financial Statements

For the year ended December 31, 2015

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To the Board of Director of
Lucky Orphans Horse Rescue, Inc.
2699 Route 22
Dover, New York 12522

Independent Accountant's Review Report

We have reviewed the accompanying "cash basis" financial position of Lucky Orphans Horse Rescue, Inc. as of December 31, 2015, and the related "cash basis" statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

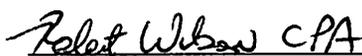
Management is responsible for the preparation and fair presentation of these "cash basis" financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the "cash basis" financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Robert Wilson CPA, PC

May 6, 2016

"Cash Basis"
 Lucky Orphans Horse Rescue, Inc.
 Statement of Financial Position
 as December 31, 2015

	2 0 1 5			
	Current Funds		Property	Total All
	Unrestricted	Restricted	Funds	Funds
<u>ASSETS</u>				
Cash	\$ 41,363	\$ 24,059	\$ 104,959	\$ 170,381
Pledges	1,545	0	0	1,545
Properties and equipment				
Land, buildings & equipment (Note 2)	0	0	715,367	715,367
<u>TOTAL ASSETS</u>	\$ 42,908	\$ 24,059	\$ 820,326	\$ 887,293
 <u>LIABILITIES AND FUND</u>				
<u>BALANCES</u>				
Loan payable (Note 3)	\$ 0	\$ 0	\$ 600,000	\$ 600,000
<u>TOTAL LIABILITIES</u>	0	0	600,000	600,000
 Fund Balances:				
Undesignated	42,908	24,059	220,326	287,293
<u>TOTAL FUND BALANCES</u>	42,908	24,059	220,326	287,293
 <u>TOTAL LIABILITIES AND</u>				
<u>FUND BALANCES</u>	\$ 42,908	\$ 24,059	\$ 820,326	\$ 887,293

See accompanying notes to the financial statements.

"Cash Basis"
 Lucky Orphans Horse Rescue, Inc.
 Statement of Activities and Changes in Fund Balances
 For the Year Ended December 31, 2015

	2 0 1 5			
	Current Funds		Property	Total All
	Unrestricted	Restricted	Funds	Funds
<u>Public Support & Revenue</u>				
Public support				
Contributions:				
Public Support	\$ 169,467	\$ 8,000	\$ 240,637	\$ 418,104
Grants	0	17,400	0	17,400
Program Revenue	18,943	0	0	18,943
Total public support	188,410	25,400	240,637	454,447
Other Revenue				
Investment income-interest	70	0	0	70
Total other revenue	70	0	0	70
Total public support and revenue	188,480	25,400	240,637	454,517
<u>Expenditures</u>				
Awards and Grants	1,316	3,000	0	4,316
Contract Services	4,720	0	0	4,720
Event Expenses	22,669	0	0	22,669
Program cost	58,736	0	0	58,736
Volunteer development and training	2,468	0	0	2,468
Materials and Supplies	4,514	2,141	0	6,655
General Insurance	11,482	0	0	11,482
Telephone and alarm system	2,219	0	0	2,219
Utilities	7,715	0	0	7,715
Office expense	1,202	0	0	1,202
Postage printing copying	419	0	0	419
Advertisement, promotion	2,173	0	0	2,173
Conference and meetings	1,349	0	0	1,349
Rents	12,000	0	0	12,000
Equipment rental	4,054	0	0	4,054
Dues and subscription	707	0	0	707
Taxes and licenses	1,248	0	0	1,248
Registration and fees	2,968	0	0	2,968
Interest	10,208	0	0	10,208
Depreciation	0	0	20,311	20,311
Total expenditures	152,167	5,141	20,311	177,619
Excess (deficit) of support and revenue over expenditures	36,313	20,259	220,326	276,898
Fund balances-beginning of year	6,595	3,800	0	10,395
Fund balances-end of year	\$ 42,908	\$ 24,059	\$ 220,326	\$ 287,293

See accompanying notes to the financial statements.

"Cash Basis"
 Lucky Orphans Horse Rescue, Inc.
 Statement of Cash Flows
 For the Year Ended December 31, 2015

	2015
<u>Cash flows from operating activities:</u>	
Cash flows provided by activities	\$ 276,898
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	\$ 20,311
(Increase) decrease in prepaid expenses, and pledges	<u>(1,545)</u>
	<u>18,766</u>
Net cash flows provided (consumed) from operating activities	295,664
<u>Cash flows from investing activities:</u>	
(Purchase) sale of fixed assets	<u>(735,678)</u>
Net cash flows provided (consumed) from investing activities	(735,678)
<u>Cash flows from financing activities:</u>	
Proceeds (payment) from loan payable	<u>600,000</u>
Net cash flows provided (consumed) from operating activities	<u>600,000</u>
Net increase (decrease) in cash	159,986
Cash -- beginning of the year	<u>10,395</u>
Cash -- end of the year	<u><u>\$ 170,381</u></u>

See accompanying notes to the financial statements.

"Cash Basis"
Lucky Orphans Horse Rescue, Inc.
Notes to Financial Statements
December 31, 2015

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF BUSINESS:

Lucky Orphans Horse Rescue, Inc. (the Organization) a nonprofit corporation was incorporated in the State of New York, Orange County, on June 24, 2008. The Organization is dedicated to providing a safe haven for unwanted, abused, neglected horses and to improve the relationship between horses and people. They are committed to raising funds to support the rescued horses in our care and will pursue the acquisition of grants, gifts, bequests and donations to support the organization.

The Organization is governed by an independent, volunteer Board of Directors who oversees the Organization's operations. Revenues to support the Organization are primarily received from donations of cash, materials, and services.

The accompanying financial statements have been prepared in accordance with standards for not-for-profit organizations adopted by the Financial Accounting Standards Board. They are stated on the cash basis of accounting whereby expenses are recorded when paid, donations are recorded when received, and grant revenues are recorded when received.

FINANCIAL STATEMENT PRESENTATION

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, restricted net assets, and property restricted net assets, as applicable.

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

For purposes of the financial statements, the Organization considers all cash and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. In addition, management also considers money market funds to be cash equivalents. The Organization's cash balance in financial institutions has never exceeded the FDIC insurance limits. As of February 15, 2016, the Organization had no deposits with financial institutions that exceeded FDIC insurance.

PROPERTY AND EQUIPMENT

Equipment and leasehold improvements are recorded on the basis of cost for purchased assets or fair value at the date of donation for donated assets. The Organization capitalizes all acquisitions in excess of \$2,500. Depreciation is recorded using the straight-line method.

"Cash Basis"
Lucky Orphans Horse Rescue, Inc.
Notes to Financial Statements
December 31, 2015

INTEREST BEARING MORTGAGE LOANS

Interest bearing mortgage loans are recorded at the principal amount and the interest is recorded in the period which it is paid.

CONTRIBUTIONS AND DONOR RESTRICTIONS

Contributions received are recorded as unrestricted or temporarily restricted depending on the existence and/or nature of any donor restrictions. Contributions not subject to donor restrictions are reported as unrestricted support. Temporarily restricted support represents contributions that are restricted by the donor for construction activities or for specific types of expenditures. Net assets restricted for construction are released from restricted net assets when construction costs are paid. If temporarily restricted contributions are released from restricted net assets in the same year as the contribution is received, the contribution is reported as temporarily restricted support on the statement of activities.

Contributions related to special events are recognized in the period that the event occurs.

GOVERNMENT GRANTS

The Organization has not received funding from federal financial assistance programs that would have supplemented its traditional funding sources.

IN-KIND SUPPORT

The Organization may receive non cash donations of goods and services in the furtherance of its objectives. In-kind support is recorded at its fair value on the date of donation.

PROGRAM REVENUE

Volunteer and Family Programs: Includes activities associated with horse riding lessons, summer camp where kids learn about horses and how to ride them, pony rides and community events striving to promote the humane treatment and to strengthen the bond between horses and people through the education of people, especially children using accepted methods to preserve the best equine care through informative and instructional guidance, education and administration adhering to the understanding of the need for the preservation of rural equine communities.

INCOME TAXES

Lucky Orphans Horse Rescue, Inc. of Dutchess County is organized as a state of New York nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization described in section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under sections 509(a)(1). Lucky Orphans Horse Rescue, Inc. of Dutchess County is required to file a return of

"Cash Basis"
 Lucky Orphans Horse Rescue, Inc.
 Notes to Financial Statements
 December 31, 2015

INCOME TAXES (CONTINUED)

Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the agency is required to file form CHAR-500 with the New York State Attorney Office, along with the 990 tax return and review financial statements.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Agency would recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if such interest and penalties are incurred. The Organization's Forms 990 and other income tax filings required by U.S. tax and New York State tax authorities are no longer subject to tax examination for years before 2011.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 6, 2016 which is the date the financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT

As of December 31, 2015 the cost of property and equipment was as follows:

	Depreciable Lives	Cost
Land		\$ 125,000
Building	20 years	520,000
Machinery and equipment	5 years	29,200
Fencing and land improvements	7 years	48,750
Outdoor Arena	7 years	12,728
		735,678
Less accumulated depreciation		(20,311)
Total, net		\$ 715,367

NOTE 3 – MORTGAGE PAYABLE

The mortgage payable at December 31, 2015 consists of a loan payable to Stone Hill Manor, Inc. at 4.00%, with security interest on multiple parcels of property and improvements thereon known as 2699 Route 22, Dover Plains, New York. The loan requires quarterly interest installments of \$6,000 for twenty (20) quarters starting October 1, 2015, then payable every three months thereafter with the principal balance due on July 1, 2020. The loan documents require that Organization covenants and agrees to establish and maintain in its name an FDIC insured savings account at a bank and deposit \$1,000 per month, providing timely financial statements, and maintaining the property free of hazardous contamination. The Organization is in compliance with these covenants.

"Cash Basis"
 Lucky Orphans Horse Rescue, Inc.
 Notes to Financial Statements
 December 31, 2015

NOTE 3 – MORTGAGE PAYABLE (CONTINUED)

	2015
Mortgage payable 4% with monthly installments of \$6,000 payable each quarter	\$ 600,000
Total long term debt	600,000
Less current portion	-
Long term debt	\$ 600,000
Future obligations are as follows:	
Year Ended	
<u>December 31,</u>	
2016 (Interest only)	\$ 24,000
2017 (Interest only)	24,000
2018 (Interest only)	24,000
2019 (Interest only)	24,000
2020 (Principal and Interest)	612,000
	\$ 708,000