

TINY HOOVES RESCUE, INC.

Reviewed Financial Statements
with
Independent Accountant's Review Report
For the Year Ended December 31, 2022

Tiny Hooves Rescue, Inc.

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December 5, 2024

To the Board of Directors
Tiny Hooves Rescue, Inc.
Racine, Wisconsin

Independent Accountant's Review Report

We have reviewed the accompanying financial statements of Tiny Hooves Rescue, Inc. (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements. A review primarily includes applying analytical procedures to management's financial data and making inquiries of the organization's 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 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 engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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 financial statements in order 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 conclusion.

We are required to be independent of Tiny Hooves Rescue, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, 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.



Gordon J. Maier & Company, LLP
Certified Public Accountants

Tiny Hooves Rescue, Inc.
Statement of Financial Position
December 31, 2022

Assets

Current Assets

Cash and Cash Equivalents		\$ 38,499
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Property and Equipment (Note A)

Housing Sheds	\$ 33,390	
Less: Accumulated Depreciation	(1,514)	
Net Property and Equipment		31,876

Other Assets

Finance Lease ROU Assets		
Net of \$5,739 Accumulated Amortization (Note C)	40,051	
Security Deposits	501	
Total Other Assets		40,552

Total Assets		\$ 110,927
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Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 1,406	
Current Portion of Finance Lease Obligation (Note C)	4,134	
Total Current Liabilities		\$ 5,540

Long-Term Liabilities

Finance Lease Obligation (Note C)		32,255
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Net Assets

Net Assets without Donor Restrictions	73,132	
Net Assets with Donor Restrictions	-	
Total Net Assets		73,132

Total Liabilities and Net Assets		\$ 110,927
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The accompanying notes are an integral part of these financial statements.

Tiny Hooves Rescue, Inc.
Statement of Activities
Year Ended December 31, 2022

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Revenue and Public Support			
Individual Contributions	\$ 261,444	\$ -	\$ 261,444
Safe Bird House	18,441	-	18,441
Fundraisers	15,776	-	15,776
Capital Campaign	2,842	-	2,842
Tours	2,397	-	2,397
Other Donations	13,401	-	13,401
Merchandise Sales	4,123	-	4,123
Miscellaneous Income	107	-	107
Total Revenue and Support	<u>318,531</u>	<u>-</u>	<u>318,531</u>
Net Assets Released from Restrictions	-	-	-
Operating Expenses			
Program Services	169,606	-	169,606
Supporting Services			
Management and General	109,556	-	109,556
Fundraising	-	-	-
Total Operating Expenses	<u>279,162</u>	<u>-</u>	<u>279,162</u>
Change in Net Assets	39,369	-	39,369
Net Assets - January 1, 2022	<u>33,763</u>	<u>-</u>	<u>33,763</u>
Net Assets - December 31, 2022	<u><u>\$ 73,132</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 73,132</u></u>

The accompanying notes are an integral part of these financial statements.

Tiny Hooves Rescue, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	<u>Support Services</u>				<u>2022 Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Contracted Services	\$ 26,863	\$ 8,005	\$ -	\$ 8,005	\$ 34,868
Telephone and Internet	-	3,562	-	3,562	3,562
Dues and Subscriptions	-	6,525	-	6,525	6,525
Office and Storage Rent	12,000	-	-	-	12,000
Repairs and Maintenance	12,038	27,932	-	27,932	39,970
Depreciation and Amortization	-	6,748	-	6,748	6,748
Direct Program Expenses					
Feed and Bedding	65,160	-	-	-	65,160
Supplies	21,192	-	-	-	21,192
Veterinary Care	22,855	-	-	-	22,855
Other Direct Program Costs	9,498	-	-	-	9,498
Interest Expense	-	13,494	-	13,494	13,494
Advertising Expense	-	7,531	-	7,531	7,531
Office Expenses	-	13,267	-	13,267	13,267
Utilities	-	9,133	-	9,133	9,133
Miscellaneous Expense	-	13,359	-	13,359	13,359
Total Expenses	<u>\$ 169,606</u>	<u>\$ 109,556</u>	<u>\$ -</u>	<u>\$ 109,556</u>	<u>\$ 279,162</u>

The accompanying notes are an integral part of these financial statements.

Tiny Hooves Rescue, Inc.
Statement of Cash Flows
Year Ended December 31, 2022

Cash Flows from Operating Activities		
Change in Net Assets		\$ 39,369
Adjustments to Reconcile Change in Net Assets to		
Cash Provided by Operating Activities:		
Depreciation	\$ 1,009	
Amortization of ROU Assets	5,739	
Changes in Operating Assets and Liabilities		
Increase (Decrease) in Accounts Payable	(4,414)	
Total Adjustments	(4,414)	2,334
Net Cash Provided by Operating Activities		41,703
Cash Flows Used by Investing Activities		
Purchase of Property and Equipment		(25,635)
Cash Flows Used by Financing Activities		
Principal Payments on Lease Obligation		(6,860)
Net Increase in Cash		9,208
Cash and Cash Equivalents—January 1,		29,291
Cash and Cash Equivalents—December 31,		\$ 38,499
Supplemental Information		
Cash Paid for Interest		\$ 13,494

The accompanying notes are an integral part of these financial statements.

Tiny Hooves Rescue, Inc.
Notes to Financial Statements
December 31, 2022

Note A. Summary of Significant Accounting Policies

Organization

Tiny Hooves Rescue, Inc. (Organization) was founded in 2015. The Organization is dedicated to rescuing, rehabilitating, and providing forever sanctuary to abandoned, abused, neglected, and unwanted farmed animals while inspiring positive change through the human and animal bond. The Organization strives to provide the best individual care to each resident animal and promotes a vegan lifestyle through public education about compassionate farmed animal care, animal individuality, and the facts of the animal agriculture industry.

The Organization was originally located on a three acre farm property in Kenosha, WI, with only eleven animals. Today Tiny Hooves Rescue, Inc. is a woman-led 501(c)(3) nonprofit farmed animal sanctuary in Union Grove, WI that is home to over 150 abandoned, abused, neglected, and unwanted farmed animals.

Basis of Accounting

The policy of Tiny Hooves Rescue, Inc. is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, to reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statement presentation follows the standards of FASB ASC 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets of the Fund and changes therein are classified and reported as follows:

Without Donor Restrictions—Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions—Net assets subject to donor-imposed restrictions that are either restricted in perpetuity or will be met by actions of the Organization and/or the passage of time.

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Restricted contributions received are considered net assets with donor restrictions until expenses are incurred in compliance with the donor's restrictions. 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.

This information is an integral part of these financial statements.

Tiny Hooves Rescue, Inc.
Notes to Financial Statements
December 31, 2022

Note A. Summary of Significant Accounting Policies (cont.)

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, *Not-for-Profit Entities*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Many individuals volunteer their time and perform a variety of tasks that assist the Organization that are not recognized in the financial statements since they did not meet the criteria for recognition under FASB ASC 958, *Not-for-Profit Entities*.

The Organization did not receive any donated services during the year ended December 31, 2022.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Organization considers cash and cash equivalents as currency on hand, demand deposits, money markets, and certificates of deposit with original maturities of three months or less.

Property and Equipment

Tiny Hooves Rescue, Inc. does not currently have a formal capitalization policy in place. As a result, all significant acquisitions of property and equipment with an estimated useful life of more than one year are capitalized and recorded at cost. Depreciation is recognized using a straight-line method over the estimated useful lives of the assets ranging from seven to 20 years. Right-of-Use (ROU) assets related to finance leases are amortized over the shorter of the lease term or the useful life of the asset.

Depreciation and amortization charges for the year ended December 31, 2022, as reflected in the Statement of Activities, totaled \$1,009 and \$5,739, respectively.

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 affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Concentrations of Risks

The Organization maintains its cash account at one financial institution in Union Grove, Wisconsin. The bank account is guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. As of December 31, 2022, the Organization had \$18,982 on deposit, of which \$0- was not insured by the FDIC.

This information is an integral part of these financial statements.

Tiny Hooves Rescue, Inc.
Notes to Financial Statements
December 31, 2022

Note A. Summary of Significant Accounting Policies (cont.)

Income Taxes

The Organization was formed under Wisconsin statutes as a Wisconsin nonprofit corporation, without stock, and is exempt from Wisconsin income tax and federal income tax, except for tax on unrelated business income, under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. No provision or benefit for income taxes has been included in these financial statements. The Organization had no unrelated business income for the years ended December 31, 2022.

Accounting for Leases

The Organization adopted the provisions of FASB Accounting Standards Codification (ASC) 842 – *Leases* as of January 1, 2022.

The Organization classifies leases as “finance” leases when: (1) there is a transfer of ownership of the underlying asset by the end of the lease term; (2) the lease contains an option to purchase the asset that the Organization is reasonably certain will be exercised; (3) the lease term is for the major part of the remaining economic life of the asset; (4) the present value of the lease payments and any residual value guarantee equals or substantially exceeds the fair value of the asset; or (5) the asset is of such a specialized nature that it will have no alternative use to the lessor at the end of the lease term. When none of these criteria are met, the Organization classifies leases as “operating” leases.

The Organization does not assume renewal periods in its determination of the lease term unless it is reasonably certain that the Organization will exercise the renewal option. The Organization records leases in the Statement of Financial Position with right-of-use (ROU) assets representing the right to use the underlying asset for the lease term and lease liabilities representing the obligation to make lease payments arising from the leases. The ROU assets and related lease liabilities are measured based on the present value of the expected future lease payments using the implicit discount rate included in the lease if it is readily determined or otherwise the Organization’s incremental borrowing rate.

The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases, defined as those that have a lease term of 12 months or less at lease commencement, or those with a total future commitment that is not considered material to the financial statements taken as a whole. Lease cost associated with these leases is recognized on a straight-line basis over the lease term.

Note B. Functional Expenses

Approximately 61% of expenses, which is \$169,606, relate to program activity services, and 39% of expenses, which is \$109,556, relate to supporting activities. Fundraising expenses for the year ended December 31, 2022 totaled 0% of expenses.

Tiny Hooves Rescue, Inc.
Notes to Financial Statements
December 31, 2022

Note C. Leases

The Organization adopted the provisions of FASB Accounting Standards Codification (ASC) 842 – *Leases* as of January 1, 2022. The objective of ASC 842 - *Leases* is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The Standard establishes a model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Standard, a lessee is required to recognize an intangible right-to-use lease asset and a corresponding lease liability for any contract which meets the definition of a lease. FASB ASC 842 - *Leases* is effective for periods beginning after December 15, 2021. The Organization was party to the following leases as of December 31, 2022:

Finance Leases

Rent-To-Own lease agreement for a 12' x 20' utility shed which commenced on August 8, 2022. The lease agreement is on a month-to-month basis so long as payments are made before the agreement expires. At the end of each monthly period, the Organization has the option to (1) continue the lease by making a timely lease renewal payment; (2) terminate the lease by returning the property to the lessor; or (3) purchase the property. The purchase option can be exercised at any time for a sum equal to 65% of the remaining lease payments. The monthly rental payment is \$428, and the Organization will acquire ownership of the property upon completion of 60 monthly payments at an implicit interest rate of 39.25%.

Rent-To-Own lease agreement for a 16' x 44' A frame which commenced on January 18, 2022. The lease agreement is on a month-to-month basis so long as payments are made before the agreement expires. At the end of each monthly period, the Organization has the option to (1) continue the lease by making a timely lease renewal payment; (2) terminate the lease by returning the property to the lessor; or (3) purchase the property. The purchase option can be exercised at any time for a sum equal to 65% of the remaining lease payments. The monthly rental payment is \$737, and the Organization will acquire ownership of the property upon completion of 60 monthly payments at an implicit interest rate of 39.24%

Rent-To-Own lease agreement for a 10' x 20' utility shed which commenced on June 2, 2022. The lease agreement is on a month-to-month basis so long as payments are made before the agreement expires. At the end of each monthly period, the Organization has the option to (1) continue the lease by making a timely lease renewal payment; (2) terminate the lease by returning the property to the lessor; or (3) purchase the property. The purchase option can be exercised at any time for a sum equal to 65% of the remaining lease payments. The monthly rental payment is \$312, and the Organization will acquire ownership of the property upon completion of 60 monthly payments at an implicit interest rate of 39.24%

Operating Leases

The Organization is party to a lease for office and storage space located at 1117 N. Britton Road, Union Grove, WI which commenced on December 18, 2018. The initial term of the lease was for a period of one year after which the lease perpetually renews on a month-by-month basis. Either party can terminate the lease at any time with 30 days prior notice. Rental payments are \$1,000 per month. This contract is a “short-term” lease under the provisions on ASC 842 – *Leases*, and rent is accounted for on a straight line basis as long as the lease remains in effect. See Note A.

This information is an integral part of these financial statements.

Tiny Hooves Rescue, Inc.
Notes to Financial Statements
December 31, 2022

Note C. Leases (cont.)

Under the provisions of ASC 842 – *Leases*, the Organization has recognized an intangible ROU asset and a corresponding lease liability in the Statement of Financial Position for the finance leases. Implementation of the new guidance resulted in the recognition of an initial ROU asset and related finance lease liability in the amount of \$45,790 based on the present value of expected future lease payments discounted at the implicit interest rate in each lease. Cash payments related to the leases totaled \$12,200 in 2022, which consisted of \$10,949 imputed interest on the lease obligation and \$1,251 principal payments. In addition to the cash payments, \$5,739 of amortization expense on the ROU asset was recognized based on the straight line method. The weighted average remaining lease term was 4.3 years, and the weighted average discount rate was 39.24%.

Future maturities of the lease obligation are as follows:

Year Ended December 31,	Principal	Interest	Total
2023	\$ 4,134	\$ 13,589	\$ 17,723
2024	6,083	11,640	17,723
2025	8,950	8,773	17,223
2026	13,168	4,555	17,723
2027	4,054	498	4,552
	\$ 36,389	\$ 39,055	\$ 73,444

Note D. Income Taxes

The Organization was formed under Wisconsin statutes as a Wisconsin nonprofit corporation, without stock, is exempt from Wisconsin income tax and federal income tax, except for tax on unrelated business income under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. No provision or benefit for income taxes has been included in these financial statements. The Organization had no unrelated business income for the year ended December 31, 2022.

Note E. Subsequent Events

Subsequent events have been evaluated through December 5, 2024, which is the date the financial statements were available to be issued.

Note F. Liquidity and Availability of Resources

The Organization had \$38,499 of financial assets available as of December 31, 2022, to meet the cash needs for general expenditures within one year. This amount consisted of cash.

The Organization has addressed its need for cash and is managing it using a variety of tools.

This information is an integral part of these Financial Statements.