

**EQUINE ADVOCATES, INCORPORATED**

**CHATHAM, NEW YORK**

**FINANCIAL STATEMENTS  
and  
INDEPENDENT AUDITOR'S REPORT**

**December 31, 2022 and 2021**

**Robert J. Palmerino**  
***Certified Public Accountant***

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# Robert J. Palmerino, CPA

79 North Pearl Street  
Albany, NY 12207

Tel: 518-432-4930

Fax: 518-433-7398

E-mail: bob@robertjpalmerinocpa.com

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Equine Advocates, Incorporated

### Opinion

I have audited the accompanying financial statements of Equine Advocates, Incorporated (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Equine Advocates, Incorporated as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Equine Advocates, Incorporated and to meet my other ethical responsibilities in accordance with the relevant ethical requirement relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Equine Advocates, Incorporated'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

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 my 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.

## INDEPENDENT AUDITOR'S REPORT - CONTINUED

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

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 Equine Advocates, Incorporated'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 Equine Advocates, Incorporated'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.

*Robert J. Palmerino CPA*  
Albany, New York  
April 4, 2023

**EQUINE ADVOCATES, INCORPORATED**

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,634,874	\$ 1,302,146
Investments	719,856	538,624
Prepaid expenses	<u>19,775</u>	<u>12,763</u>
Total current assets	2,374,505	1,853,533
<b>PROPERTY AND EQUIPMENT</b> , net of accumulated depreciation	<u>2,502,331</u>	<u>2,582,153</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,876,836</u></b>	<b><u>\$ 4,435,686</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 113,188</u>	<u>\$ 127,618</u>
<b>NET ASSETS</b>		
Without donor restrictions	4,645,648	4,308,068
With donor restrictions	<u>118,000</u>	<u>-</u>
Total net assets	<u>4,763,648</u>	<u>4,308,068</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,876,836</u></b>	<b><u>\$ 4,435,686</u></b>

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

**EQUINE ADVOCATES, INCORPORATED**

**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>CHANGES IN NETASSETS WITHOUT DONOR RESTRICTIONS</b>		
Revenues and support:		
Donations and grants	\$ <u>2,212,164</u>	\$ <u>1,880,313</u>
Special events		
Revenue	163,008	162,354
Less food and entertainment	<u>(48,105)</u>	<u>(64,678)</u>
Net revenue from special event	114,903	97,676
Gain (loss) on investments	(72,821)	38,624
Interest	1,079	1,554
PPP loan forgiveness	<u>-</u>	<u>110,367</u>
Total revenues and support without donor restrictions	<u>2,255,325</u>	<u>2,128,534</u>
Expenses:		
Program services		
Equine rescue and sanctuary	1,197,921	1,145,150
Equine education	<u>359,278</u>	<u>332,847</u>
Total program services	<u>1,557,199</u>	<u>1,477,997</u>
Supporting Services:		
Management and general	189,470	163,998
Fund raising	<u>171,076</u>	<u>171,871</u>
Total supporting services	<u>360,546</u>	<u>335,869</u>
Total expenses	<u>1,917,745</u>	<u>1,813,866</u>
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>337,580</u>	<u>314,668</u>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Capital improvements	50,000	-
Equipment and general repairs	<u>68,000</u>	<u>-</u>
<b>INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>118,000</u>	<u>-</u>
<b>INCREASE IN NET ASSETS</b>	<b>455,580</b>	<b>314,668</b>
<b>NET ASSETS, beginning of year</b>	<u>4,308,068</u>	<u>3,993,400</u>
<b>NET ASSETS, end of year</b>	<b><u>\$ 4,763,648</u></b>	<b><u>\$ 4,308,068</u></b>

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

**EQUINE ADVOCATES, INCORPORATED**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2022**

	<u>Program Services</u>			<u>Supporting Services</u>			
	<u>Equine</u>		<u>Total</u>	<u>Management</u>	<u>Fund</u>	<u>Total</u>	
	<u>Rescue and</u>	<u>Equine</u>	<u>Program</u>	<u>and General</u>	<u>Raising</u>	<u>Supporting</u>	<u>Total</u>
	<u>Sanctuary</u>	<u>Education</u>	<u>Services</u>			<u>Services</u>	
Payroll	\$ 405,271	\$ 83,358	\$ 488,629	\$ 89,533	\$ 38,800	\$ 128,333	\$ 616,962
Feed, medications and supplies	162,564	-	162,564	-	-	-	162,564
Veterinary services	120,700	-	120,700	-	-	-	120,700
Farm maintenance and supplies	106,908	-	106,908	-	-	-	106,908
Hay	87,818	-	87,818	-	-	-	87,818
Farrier (Blacksmith) services	44,837	-	44,837	-	-	-	44,837
Investigations	8,848	-	8,848	-	-	-	8,848
Travel	2,579	1,433	4,012	287	1,433	1,720	5,732
Informational publications/seminars	-	210,728	210,728	-	90,312	90,312	301,040
Depreciation	66,082	13,592	79,674	14,599	6,327	20,926	100,600
Health insurance	48,930	10,064	58,994	10,810	4,684	15,494	74,488
Utilities	37,191	7,650	44,841	8,216	3,561	11,777	56,618
Payroll taxes	35,235	7,247	42,482	7,784	3,373	11,157	53,639
Office supplies	20,361	4,188	24,549	4,498	1,949	6,447	30,996
Insurance	16,676	3,430	20,106	3,684	1,597	5,281	25,387
Administrative services	-	6,917	6,917	7,905	4,941	12,846	19,763
Professional fees	-	-	-	19,044	-	19,044	19,044
Postage and delivery	12,326	2,535	14,861	2,723	1,180	3,903	18,764
Public relations	10,127	2,532	12,659	-	-	-	12,659
Fund raising events	-	-	-	-	11,821	11,821	11,821
Telephone	6,455	1,328	7,783	1,426	618	2,044	9,827
Filing fees	-	-	-	8,088	-	8,088	8,088
Credit card and bank fees	5,013	1,031	6,044	1,108	480	1,588	7,632
Real estate taxes	-	-	-	5,058	-	5,058	5,058
Payroll service	-	-	-	4,707	-	4,707	4,707
Books and subscriptions	-	2,943	2,943	-	-	-	2,943
Contributions	-	302	302	-	-	-	302
<b>TOTAL EXPENSES</b>	<b><u>\$ 1,197,921</u></b>	<b><u>\$ 359,278</u></b>	<b><u>\$ 1,557,199</u></b>	<b><u>\$ 189,470</u></b>	<b><u>\$ 171,076</u></b>	<b><u>\$ 360,546</u></b>	<b><u>\$ 1,917,745</u></b>

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

**EQUINE ADVOCATES, INCORPORATED**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2021**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total Supporting Services</u>	<u>Total</u>
	<u>Equine Rescue and Sanctuary</u>	<u>Equine Education</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>		
Payroll	\$ 376,988	\$ 54,301	\$ 431,289	\$ 78,425	\$ 34,337	\$ 112,762	\$ 544,051
Feed, medications and supplies	160,330	-	160,330	-	-	-	160,330
Veterinary services	134,126	-	134,126	-	-	-	134,126
Farm maintenance and supplies	98,453	-	98,453	-	-	-	98,453
Hay	85,783	-	85,783	-	-	-	85,783
Farrier (Blacksmith) services	19,635	-	19,635	-	-	-	19,635
Investigations	29,794	-	29,794	-	-	-	29,794
Travel	1,022	568	1,590	114	568	682	2,272
Informational publications/seminars	-	232,745	232,745	-	99,748	99,748	332,493
Depreciation	68,402	9,853	78,255	14,230	6,230	20,460	98,715
Health insurance	48,591	6,999	55,590	10,109	4,426	14,535	70,125
Utilities	22,708	3,271	25,979	4,724	2,068	6,792	32,771
Payroll taxes	31,968	4,605	36,573	6,650	2,912	9,562	46,135
Office supplies	12,260	1,766	14,026	2,550	1,117	3,667	17,693
Insurance	24,139	3,477	27,616	5,022	2,199	7,221	34,837
Administrative services	-	6,652	6,652	7,602	4,752	12,354	19,006
Professional fees	-	-	-	15,175	-	15,175	15,175
Postage and delivery	8,204	1,182	9,386	1,707	747	2,454	11,840
Public relations	8,742	2,186	10,928	-	-	-	10,928
Fund raising events	-	-	-	-	11,491	11,491	11,491
Telephone	7,253	1,045	8,298	1,509	661	2,170	10,468
Filing fees	-	-	-	6,101	-	6,101	6,101
Credit card and bank fees	6,752	973	7,725	1,405	615	2,020	9,745
Real estate taxes	-	-	-	4,972	-	4,972	4,972
Payroll service	-	-	-	3,703	-	3,703	3,703
Books and subscriptions	-	3,124	3,124	-	-	-	3,124
Contributions	-	100	100	-	-	-	100
<b>TOTAL EXPENSES</b>	<b><u>\$ 1,145,150</u></b>	<b><u>\$ 332,847</u></b>	<b><u>\$ 1,477,997</u></b>	<b><u>\$ 163,998</u></b>	<b><u>\$ 171,871</u></b>	<b><u>\$ 335,869</u></b>	<b><u>\$ 1,813,866</u></b>

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

**EQUINE ADVOCATES, INCORPORATED**

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 455,580	\$ 314,668
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	100,600	98,714
Loss (gain) on investments	88,001	(28,078)
(Increase) decrease in		
Prepaid expenses	(7,012)	5,721
Contribution receivable	-	19,225
Increase (decrease) in		
Accounts payable and accrued expenses	<u>(14,430)</u>	<u>71,831</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>622,739</u>	<u>482,081</u>
<b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Purchase of investments	(269,232)	(254,055)
Purchase of property and equipment	<u>(20,779)</u>	<u>(76,967)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(290,011)</u>	<u>(331,022)</u>
<b>NET INCREASE IN CASH</b>	332,728	151,059
<b>CASH - beginning of year</b>	<u>1,302,146</u>	<u>1,151,087</u>
<b>CASH - end of year</b>	<u><b>\$ 1,634,874</b></u>	<u><b>\$ 1,302,146</b></u>

# EQUINE ADVOCATES, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Equine Advocates, Incorporated (Organization) is a New York not-for-profit organization incorporated in 1996. The Organization was created to promote equine protection by rescuing equines in distress and by expanding public education regarding equine abuse and slaughter. The Organization is supported by general donations and grants.

#### Program Services:

Equine Rescue & Sanctuary - To rescue horses from slaughter, abuse, and neglect. To demonstrate and set an example of how horses should be treated and how they should live. To operate a horse sanctuary where we house many of the equines and educate the public about where they came from and why they needed to be rescued.

Equine Education - To educate the public about preventing different forms of equine neglect and abuse, including slaughter, to inform the public about the humane way to care and handle horses, including natural horsemanship, to teach the significance and importance of The Horse to American history and culture and to educate the public, teachers, students and law enforcement officials about recognizing and reporting equine cruelty so that the cruelty laws can be enforced. To offer Humane Education classes and field trips from Pre-K through Middle School (taught by an educator), in addition to offering classes and seminars to High School and College students, as well as to Chapters of National Children's groups and other organizations. The main goal is to help instill empathy, compassion, understanding and a sense of responsibility for having an equine in one's life, as well as developing an appreciation of an animal that has played such an integral role to the development and evolution of our country.

#### Supporting Services:

##### General and Administrative

This supporting service category includes the functions necessary to secure proper administrative functioning of the Organization's governing board, maintain an adequate working environment, and manage financial responsibilities of the Organization.

##### Fundraising

This supporting service category includes expenditures which provide the structure necessary to encourage and secure financial support for the Organization's operations.

## **EQUINE ADVOCATES, INCORPORATED**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

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

##### **Basis of Accounting Presentation**

The financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

##### **Net Assets**

###### **Net Assets Without Donor Restrictions**

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

###### **Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

##### **Accounting Pronouncements Adopted**

Equine Advocates, Inc. adopted ASU 2016-02, Leases (Topic 842) effective January 1, 2022. ASU 2016-02 requires lessees to record a right-of-use ("ROU") asset and a corresponding lease liability on the balance sheet (with the exception of short-term leases), whereas under prior accounting standards, the Company's operating leases were not recognized on its balance sheet. The adoption of this pronouncement does not have an impact on the financial statements as Equine Advocates, Inc. has no applicable leases.

Equine Advocates, Inc. adopted ASU 2020-07, Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets (Topic 958) effective January 1, 2022. ASU 2020-07 outlines a new presentation and disclosure of the recognition and initial measurement of contributed nonfinancial assets apart from contributions of cash and other financial assets. The adoption of this pronouncement does not have an impact on the financial statements as Equine Advocates, Inc.

# **EQUINE ADVOCATES, INCORPORATED**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

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

#### **Investments**

Investments consist of various mutual funds and certificates of deposit and are stated at fair market value. Investments are categorized based on a fair market value hierarchy that prioritizes the inputs to valuation techniques used to measure fair market value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs, which are unobservable inputs where there is little, if any, market activity for the asset or liability at the measurement date and have the lowest priority. Equine Advocates, Incorporated uses appropriate valuation techniques based on the available inputs to measure the fair market value of its investments.

The preceding methods described may produce a fair market value calculation that may not be indicative of net realizable value or reflective of future fair market values. Furthermore, although Equine Advocates, Incorporated believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair market value of certain financial instruments could result in a different fair market value measurement at the reporting date.

Investment income (including net realized and unrealized gains and losses on investments) is included in the change in net assets in the accompanying statements of activities.

#### **Income Tax Status**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable New York State laws and has been classified as an organization other than a private foundation.

Income tax benefits are recognized for income tax positions taken or expected to be taken on a tax return, only when it is deemed that the income tax position will be more likely than not sustained upon examination by taxing authorities. The Organization believes that its income tax positions would be sustained under examination by taxing authorities. There are currently no examinations in progress, and the Organization believes it is no longer subject to income tax examinations for the tax years prior to 2019.

# **EQUINE ADVOCATES, INCORPORATED**

## **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

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

#### **Contribution Revenue**

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There were no conditional promises to donate for the years ended December 31, 2022 and 2021. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions.

Any funds received that are considered conditional are initially recorded as a refundable advance (liability). Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

#### **Functional Allocation of Expenses**

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other supporting services based on the percentage of time employees spend on program and supporting services.

#### **Measure of Operations**

The statement of activities includes all changes in net assets resulting from operating and nonoperating activities. Operating activities consist of those activities related to the Organization's mission and program services and interest earned on investments. Nonoperating activities are of an unusual or nonrecurring nature.

#### **Property and Equipment**

Property and equipment are reported at cost. Donations of property and equipment are recorded at their estimated fair value at the date of donation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When assets are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is credited or charged to income. Assets are depreciated over periods of 3 to 40 years, which approximates estimated useful lives.

## EQUINE ADVOCATES, INCORPORATED

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

##### Management 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Statement of Cash Flows

For purposes of the statements of cash flow, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash.

##### Subsequent Event

Management has evaluated subsequent events through April 4, 2023, the date on which the financial statements were available to be issued.

##### Reclassifications

Certain amounts for the year ended December 31, 2022, have been reclassified to conform to the presentation for the year ended December 31, 2021.

#### NOTE 2 - PROPERTY AND EQUIPMENT

Details of the Organization's property and equipment as of December 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 2,810,997	\$ 2,810,997
Land and improvements	956,058	952,064
Vehicles and equipment	417,110	401,259
Furniture and fixtures	15,848	14,915
Software	9,619	9,619
Trademark	<u>4,285</u>	<u>4,285</u>
Total	4,213,917	4,193,139
Less: accumulated depreciation	<u>1,711,586</u>	<u>1,610,986</u>
Property and equipment-net	<u>\$ 2,502,331</u>	<u>\$ 2,582,153</u>

## EQUINE ADVOCATES, INCORPORATED

### NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

#### NOTE 3 - INVESTMENTS

FASB Accounting Standards Codifications 850 establishes a fair market value hierarchy that prioritizes valuation input and techniques used to measure fair market value. The highest level (Level 1) consists of quoted prices in active markets. Equine Advocates, Incorporated used Level 1 techniques to determine the fair market value of its investments.

Investments at December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Certificate of deposits	\$ 254,052	\$ 254,052	\$ -	\$ -
Mutual Funds	<u>525,726</u>	<u>465,804</u>	<u>510,546</u>	<u>538,624</u>
	<u>\$ 779,778</u>	<u>\$ 719,856</u>	<u>\$ 510,546</u>	<u>\$ 538,624</u>

Investment income for the years ended December 31, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Unrealized gains (losses) on investments	\$ (88,001)	\$ 28,078
Interest and dividends	<u>15,180</u>	<u>10,546</u>
Total income (loss)	<u>\$ (72,821)</u>	<u>\$ 38,624</u>

#### NOTE 4 - DONATED ITEMS AND SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. The value of their time is not reflected in these financial statements because it is not susceptible to objective measurement and valuation.

#### NOTE 5 - ALLOCATION OF JOINT COSTS

During 2022 and 2021, the Organization conducted activities that included the mailing of informational materials as well as requests for contributions.

The cost of conducting the above was \$310,040 and \$332,493 for 2022 and 2021, respectively.

These joint costs were allocated as follows:

	<u>2022</u>	<u>2021</u>
Equine education	\$ 210,728	\$ 232,745
Fund raising	<u>90,312</u>	<u>99,748</u>
Total	<u>\$ 301,040</u>	<u>\$ 332,493</u>

**EQUINE ADVOCATES, INCORPORATED**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Capital improvements	\$ 50,000	\$ -
Equipment and general repairs	<u>68,000</u>	<u>-</u>
	<u>\$ 118,000</u>	<u>\$ -</u>

**NOTE 7 - LIQUIDITY**

The Organization's financial assets available within one year of the statement of financial position for general expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$1,634,874	\$1,302,146
Investments	719,856	538,624
Prepaid expenses	19,775	12,763
With donor restrictions	<u>(118,000)</u>	<u>-</u>
Total financial assets available for general expenditures	<u>\$2,256,505</u>	<u>\$1,853,533</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**NOTE 8 - CONCENTRATIONS**

Cash is comprised of checking and savings accounts and, as of December 31, 2022, exceeded federally insured limits by \$492,270