

DAYS END FARM HORSE RESCUE, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2013 AND 2012



**Halt Buzas &
Powell, LTD**

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

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1199 North Fairfax Street
10th Floor
Alexandria, Virginia 22314
p 703.836.1350
f 703.836.2159

2200 Defense Highway
Suite 403
Crofton, MD 21114
p 410.451.5150
f 410.451.5149

www.cpas4you.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Days End Farm Horse Rescue, Inc.
Woodbine, Maryland

We have audited the accompanying financial statements of Days End Farm Horse Rescue, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2013 and 2012, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses (pages 18-19) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Halt, Buzas & Powell, Ltd.

Alexandria, Virginia

June 2, 2014

DAYS END FARM HORSE RESCUE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

ASSETS	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 635,829	\$ 520,243
Contributions receivable	187,438	160,556
Investments	82,123	115,879
Beneficial interest in trust	135,062	118,100
Prepaid expenses	2,797	-
Property and equipment, net	<u>146,422</u>	<u>180,008</u>
 Total assets	 <u>\$ 1,189,671</u>	 <u>\$ 1,094,786</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ <u>69,392</u>	\$ <u>48,892</u>
Net assets:		
Unrestricted, undesignated	726,024	681,408
Unrestricted, board designated	<u>40,000</u>	<u>40,000</u>
Total unrestricted net assets	766,024	721,408
Temporarily restricted	219,193	206,386
Permanently restricted	<u>135,062</u>	<u>118,100</u>
Total net assets	<u>1,120,279</u>	<u>1,045,894</u>
Total liabilities and net assets	<u>\$ 1,189,671</u>	<u>\$ 1,094,786</u>

See accompanying notes to financial statements.

DAYS END FARM HORSE RESCUE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Contributions and grants	\$ 930,781	\$ 19,500	\$ -	\$ 950,281
Combined federal campaign contributions	191,242	-	-	191,242
Special events, net of direct donor benefits of \$62,466	85,172	-	-	85,172
Program service fees	48,918	-	-	48,918
In-kind contributions	261,961	-	-	261,961
Investment income	10,023	-	-	10,023
Unrealized gain, beneficial interest in trust	-	-	16,962	16,962
Other	7,396	-	-	7,396
Retail sales, net of merchandise cost of \$13,637	21,792	-	-	21,792
Net assets released from restrictions:				
Satisfaction of donor restrictions	<u>6,693</u>	<u>(6,693)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,563,978</u>	<u>12,807</u>	<u>16,962</u>	<u>1,593,747</u>
Expenses:				
Program services	<u>1,305,916</u>	<u>-</u>	<u>-</u>	<u>1,305,916</u>
Support services:				
Management and general	153,575	-	-	153,575
Fundraising	<u>59,871</u>	<u>-</u>	<u>-</u>	<u>59,871</u>
Total support services	<u>213,446</u>	<u>-</u>	<u>-</u>	<u>213,446</u>
Total expenses	<u>1,519,362</u>	<u>-</u>	<u>-</u>	<u>1,519,362</u>
Change in net assets	44,616	12,807	16,962	74,385
Net assets, January 1, 2013	<u>721,408</u>	<u>206,386</u>	<u>118,100</u>	<u>1,045,894</u>
Net assets, December 31, 2013	<u>\$ 766,024</u>	<u>\$ 219,193</u>	<u>\$ 135,062</u>	<u>\$ 1,120,279</u>

See accompanying notes to financial statements.

DAYS END FARM HORSE RESCUE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues:				
Contributions and grants	\$ 1,029,409	\$ -	\$ -	\$ 1,029,409
Combined federal campaign contributions	160,119	-	-	160,119
Special events, net of direct donor benefits of \$34,109	47,346	-	-	47,346
Program service fees	27,718	-	-	27,718
In-kind contributions	117,225	-	-	117,225
Investment income	10,515	-	-	10,515
Unrealized gain, beneficial interest in trust	-	-	9,149	9,149
Other	26,459	-	-	26,459
Retail sales, net of merchandise cost of \$13,775	<u>24,009</u>	<u>-</u>	<u>-</u>	<u>24,009</u>
Total revenues	<u>1,442,800</u>	<u>-</u>	<u>9,149</u>	<u>1,451,949</u>
Expenses:				
Program services	<u>1,095,393</u>	<u>-</u>	<u>-</u>	<u>1,095,393</u>
Support services:				
Management and general	131,974	-	-	131,974
Fundraising	<u>92,382</u>	<u>-</u>	<u>-</u>	<u>92,382</u>
Total support services	<u>224,356</u>	<u>-</u>	<u>-</u>	<u>224,356</u>
Total expenses	<u>1,319,749</u>	<u>-</u>	<u>-</u>	<u>1,319,749</u>
Change in net assets	123,051	-	9,149	132,200
Net assets, January 1, 2012	<u>598,357</u>	<u>206,386</u>	<u>108,951</u>	<u>913,694</u>
Net assets, December 31, 2012	<u>\$ 721,408</u>	<u>\$ 206,386</u>	<u>\$ 118,100</u>	<u>\$ 1,045,894</u>

See accompanying notes to financial statements.

DAYS END FARM HORSE RESCUE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ <u>74,385</u>	\$ <u>132,200</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	68,530	31,775
Unrealized gain, beneficial interest in trust	(16,962)	(9,149)
Unrealized loss (gain) on investments	30,718	(8,357)
Realized gain on sale of investments	(37,467)	-
Donated stock	(12,787)	(77,514)
Donated property and equipment	(17,039)	(12,000)
Decrease (increase) in assets:		
Contributions receivable	(26,882)	30,447
Prepaid expenses	(2,797)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>20,500</u>	<u>10,225</u>
Total adjustments	<u>5,814</u>	<u>(34,573)</u>
Net cash provided by operating activities	<u>80,199</u>	<u>97,627</u>
Cash flows from investing activities:		
Purchases of property and equipment	(17,905)	(46,053)
Purchases of investments	(2,598)	(1,037)
Proceeds from sales of investments	<u>55,890</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>35,387</u>	<u>(47,090)</u>
Net increase in cash and cash equivalents	115,586	50,537
Cash and cash equivalents, beginning of year	<u>520,243</u>	<u>469,706</u>
Cash and cash equivalents, end of year	<u>\$ 635,829</u>	<u>\$ 520,243</u>

See accompanying notes to financial statements.

DAYS END FARM HORSE RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

1. Organization

Days End Farm Horse Rescue, Inc. (the Organization) is a nonprofit, volunteer based, animal welfare organization established in 1989 to ensure quality care and treatment for horses through rehabilitation, humane education and community outreach. The Organization offers adoption to qualified, pre-screened homes and performs annual follow-up visits to guarantee proper treatment, safety and well being. The volunteer program offers training on horse care, rehabilitation of abused and neglected horses, stable management and teaches compassion to adults and young adults (twelve years and older). Through the humane educational programs, the Organization staff visits schools, civic organizations, and area 4-H clubs to provide information on: the proper care of horses, case studies of abused and neglected horses, the cycle of violence and possible solutions to the problem so that individuals learn how to help. The Organization provides support service to animal control and humane societies as purveyors of shelter, transportation and care of destitute horses involved in cruelty investigations or as strays. The Organization offers continuing education such as: hands-on cruelty investigation training for Animal Control officers and humane societies, and classes for Fire and Rescue departments and horse owners in large animal rescue techniques. The Organization also provides emergency rescue services to horses at the request of their veterinarians or other emergency personnel and provides disaster services in response to manmade or natural disasters.

2. Summary of significant accounting policies

Basis of presentation

The financial statements are presented in accordance with *U.S. Generally Accepted Accounting Principles* for nonprofit organizations. Under those principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets represent resources that are not subject to donor imposed stipulations and are available for operations at management's discretion.

Temporarily Restricted Net Assets represent resources restricted by donors as to purpose or by the passage of time.

DAYS END FARM HORSE RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

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Permanently Restricted Net Assets represent resources whose use by the Organization is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of the Organization. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

Basis of accounting

The financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when obligations are incurred.

Use of estimates

The preparation of financial statements in conformity with *U.S. 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 revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

Fair value measurements

The Organization follows *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, for financial assets and liabilities. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs used to measure fair value are categorized as follows:

DAYS END FARM HORSE RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

- Level 1 - quoted prices in active markets for identical securities or liabilities.
- Level 2 - inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3 - unobservable inputs which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the standard. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by the Organization at December 31, 2013 and 2012.

Income taxes

The Organization is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net income derived from activities related to its exempt purpose. This code section enables the Organization to accept donations that qualify as charitable contributions to the donor. The Organization is subject to tax on net income from unrelated business activities. For the years ended December 31, 2013 and 2012, the Organization did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

The Organization is not aware of any activities that would jeopardize its tax-exempt status that would require recognition in the accompanying financial statements, pursuant to *Accounting Standards Codification (ASC) for Income Taxes*. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If there are material omissions of income, tax returns may be subject to examination for up to six years. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. At December 31, 2013 and 2012, the Organization had no accruals for interest and/or penalties.

DAYS END FARM HORSE RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Cash and cash equivalents

For financial statement purposes, the Organization considers highly liquid investments with an original maturity of three months or less as cash equivalents.

Contributions receivable

Contributions consist primarily of combined federal campaign contributions generally due in less than one year and stated at their net realizable value. Reserves are established for receivables that are considered delinquent and uncollectible based on periodic reviews by management. At December 31, 2013 and 2012, management estimates that all receivables are fully collectible. Therefore, no allowance for doubtful accounts has been recognized at December 31, 2013 and 2012.

Investments

Investments are reported at fair value and realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted temporarily or permanently by donor restrictions or law. The Organization invests in a variety of investments that are exposed to various risks, such as fluctuations in market value and credit risk. It is reasonably possible that changes in risks in the near term could materially affect investment balances and amounts reported in the accompanying financial statements.

DAYS END FARM HORSE RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Property and equipment

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation and amortization. Donated property and equipment is reported at fair value at the date of donation. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	Life of lease
New farm acquisitions	10 - 25 years
Farm equipment	3 - 15 years
Vehicles	3 - 5 years
Office and computer equipment	3 - 5 years

The Organization's policy is to capitalize major additions and improvements over \$1,000 and estimated useful lives greater than three years. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

Revenue recognition

Contributions, grants and combined federal campaign contributions

Contributions are recognized as revenue when received or promised and are recorded net of any current year allowance or discount activity. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to the Organization's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as unrestricted if the restriction expires in the same reporting period in which the contribution is recognized.

DAYS END FARM HORSE RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Program service fee

Program revenue consists primarily of fees generated from the Organization's Legacy and adoption programs. Fees are recognized as revenue in the period in which services are provided.

In-kind contributions

Donated materials, services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense charged to various programs and supporting services based on the program or support services directly benefited.

Many individuals volunteer their time and perform a variety of tasks that assists the Organization. The value of these contributed services is not recorded as in-kind contributions since the criteria for recognition was not met under the standards.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Reclassification

For comparative purposes, certain 2012 amounts have been reclassified to conform to the 2013 presentation.

DAYS END FARM HORSE RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

3. Investments and fair value measurement

The table below presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Common stock	\$ 43,131	\$ -	\$ 43,131
Fixed income mutual funds	<u>38,992</u>	<u>-</u>	<u>38,992</u>
Total investments	<u>\$ 82,123</u>	<u>\$ -</u>	<u>\$ 82,123</u>

The table below presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Common stock	\$ 74,856	\$ -	\$ 74,856
Fixed income mutual funds	<u>41,023</u>	<u>-</u>	<u>41,023</u>
Total investments	<u>\$ 115,879</u>	<u>\$ -</u>	<u>\$ 115,879</u>

Investment income is comprised of the following for the year ended December 31:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 3,274	\$ 2,158
Unrealized (loss) gain on investments	(30,718)	8,357
Realized gain on sale of investments	<u>37,467</u>	<u>-</u>
Total investment income	<u>\$ 10,023</u>	<u>\$ 10,515</u>

DAYS END FARM HORSE RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

4. Beneficial interest in trust

The Organization has a beneficial interest in a perpetual trust along with two other organizations that distributes one-third of 5% of its fair value to the Organization on an annual basis. The trust invests in publicly traded investments with readily determinable fair values based on quoted prices in active markets. The Organization carries its interest in the trust at the fair value of the underlying investments. The fair value of the trust is recorded as permanently restricted net assets and the changes in its fair value are classified as changes in permanently restricted net assets.

The trust had the following net asset composition reported at fair value at December 31:

	<u>2013</u>	<u>2012</u>
Money market funds	\$ 8,387	\$ 5,279
Bond mutual funds	19,817	19,777
Equity mutual funds	<u>106,858</u>	<u>93,044</u>
Total beneficial interest in trust	<u>\$ 135,062</u>	<u>\$ 118,100</u>

Fair value is measured using level 1 inputs at December 31, 2013 and 2012 determined by reference to quoted market prices and other relevant information generated by market transactions.

5. Property and equipment, net

The following is a summary of property and equipment held at December 31:

	<u>2013</u>	<u>2012</u>
Leasehold improvements	\$ 232,293	\$ 206,360
New farm acquisitions	29,500	27,679
Farm equipment	73,746	71,194
Vehicles	65,737	76,237
Office and computer equipment	<u>10,784</u>	<u>7,145</u>
Property and equipment	412,060	388,615
Accumulated depreciation and amortization	<u>(265,638)</u>	<u>(208,607)</u>
Property and equipment, net	<u>\$ 146,422</u>	<u>\$ 180,008</u>

DAYS END FARM HORSE RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

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Depreciation and amortization expense for the years ended December 31, 2013 and 2012 was \$68,530 and \$31,775, respectively.

6. Temporarily restricted net assets

At December 31, 2013 and 2012, temporarily restricted net assets were available for the following programs:

	<u>2013</u>	<u>2012</u>
New farm	\$ 128,966	\$ 128,966
New arena - critical care	67,420	67,420
Electric sling brace	10,000	10,000
Donor designated projects	11,753	-
Horse medical expenses	1,000	-
Legacy	<u>54</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 219,193</u>	<u>\$ 206,386</u>

7. Net assets released from restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Purpose restrictions accomplished during the year ended December 31, 2013 were as follows:

	<u>2013</u>
Legacy	4,946
Donor designated projects	<u>1,747</u>
Total net assets released from restrictions	<u>\$ 6,693</u>

DAYS END FARM HORSE RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

8. Retirement plan

On January 1, 2012, the Organization established a Simple Individual Retirement Account plan for employees receiving at least \$5,000 in compensation. The Organization matches employees' contributions up to 3% of an employee's salary. Retirement plan expense was \$5,965 and \$5,463 for the years ended December 31, 2013 and 2012, respectively.

9. Donated goods and services

The Organization received in-kind contributions primarily in the form of donated supplies and equipment. The value of contributed supplies was \$259,648 and \$111,477, of which \$17,039 and \$12,000 have been capitalized as property and equipment for the years ended December 31, 2013 and 2012, respectively. The Organization also received donated veterinary services valued at \$2,313 and \$5,748 for the years ended December 31, 2013 and 2012, respectively. All in-kind goods and services are included in program services.

Certain donated services have not been recorded in the financial statements since they did not meet the criteria for recognition. Volunteer hours for farm work and data entry valued at \$12.00 per hour totaled \$645,864 and \$689,400 for the years ended December 31, 2013 and 2012, respectively.

10. Commitments

Operating leases

The Organization leases farm land under a 5-year lease ending December 2015 with monthly payments of \$6,000 increasing by 1.5% every February. The Organization has the option to extend the lease for three years. In addition, the Organization has the option to purchase the property at its appraised value, as defined, within 30 days of receipt of the appraisal from the landlord in 2014. Rent expense was \$77,469 and \$76,324 for the years ended December 31, 2013 and 2012, respectively.

DAYS END FARM HORSE RESCUE, INC.

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Aggregate future minimum lease payments are as follows for the years ending December 31:

2014	\$	78,630
2015		<u>79,810</u>
Total	\$	<u>158,440</u>

11. Related party transactions

The Organization entered into an informal month to month lease with the husband of the Executive Director for use of other farm land to assist with the overflow of a large impound of horses. Rent expense was \$23,600 and \$19,200 for the years ended December 31, 2013 and 2012, respectively.

On September 15, 2013, the Organization entered into a severance agreement valued at \$39,000 with the former Executive Director which included transfer of title of a fully depreciated vehicle, moving expenses and severance payments.

12. Subsequent events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 2, 2014, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these financial statements.

SUPPLEMENTAL INFORMATION

DAYS END FARM HORSE RESCUE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total support services</u>	<u>Total expenses</u>
Salaries, benefits and payroll expenses	\$ 531,188	\$ 86,238	\$ 40,880	\$ 127,118	\$ 658,306
Professional fees	87,223	19,962	23	19,985	107,208
Contributed services	2,313	-	-	-	2,313
Supplies	124,576	1,513	717	2,230	126,806
Contributed supplies	242,609	-	-	-	242,609
Occupancy	169,825	8,969	1,991	10,960	180,785
Printing and postage	13,439	-	13,439	13,439	26,878
Advertising	50	9,754	-	9,754	9,804
Equipment rental and maintenance	25,322	968	459	1,427	26,749
Other	1,490	125	12	137	1,627
Depreciation and amortization	54,473	14,057	-	14,057	68,530
Bank and internet processing fees	-	9,028	-	9,028	9,028
Public awareness and education	32,555	-	-	-	32,555
Licenses	4,918	798	378	1,176	6,094
Dues and subscriptions	5,694	924	438	1,362	7,056
Office expense	2,116	-	946	946	3,062
Training and employee relations	7,634	1,239	588	1,827	9,461
Farm expense	<u>491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491</u>
Total expenses	<u>\$ 1,305,916</u>	<u>\$ 153,575</u>	<u>\$ 59,871</u>	<u>\$ 213,446</u>	<u>\$ 1,519,362</u>

DAYS END FARM HORSE RESCUE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total support services</u>	<u>Total expenses</u>
Salaries, benefits and payroll expenses	\$ 543,406	\$ 65,470	\$ 45,830	\$ 111,300	\$ 654,706
Professional fees	66,460	8,007	5,605	13,612	80,072
Contributed services	4,771	575	402	977	5,748
Supplies	120,435	14,510	10,157	24,667	145,102
Contributed supplies	82,558	9,947	6,962	16,909	99,467
Occupancy	142,963	17,224	12,057	29,281	172,244
Printing and postage	26,051	3,139	2,197	5,336	31,387
Advertising	8,112	977	684	1,661	9,773
Equipment rental and maintenance	28,621	3,448	2,414	5,862	34,483
Other	2,087	251	176	427	2,514
Depreciation and amortization	26,373	3,178	2,224	5,402	31,775
Bank and internet processing fees	6,577	792	555	1,347	7,924
Public awareness and education	17,985	2,167	1,517	3,684	21,669
Licenses	1,467	177	124	301	1,768
Dues and subscriptions	2,970	358	250	608	3,578
Office expense	9,700	1,169	818	1,987	11,687
Training and employee relations	3,268	394	276	670	3,938
Farm expense	<u>1,589</u>	<u>191</u>	<u>134</u>	<u>325</u>	<u>1,914</u>
Total expenses	<u>\$ 1,095,393</u>	<u>\$ 131,974</u>	<u>\$ 92,382</u>	<u>\$ 224,356</u>	<u>\$ 1,319,749</u>