

THE EQUUS FOUNDATION, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

AUGUST 31, 2008

SHEPTOFF, REUBER & COMPANY, P.C.
Certified Public Accountants
111 New London Turnpike
Glastonbury, Connecticut 06033

THE EQUUS FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
The Equus Foundation, Inc.

We have audited the accompanying statement of financial position of The Equus Foundation, Inc. (a Connecticut nonprofit organization) as of August 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Equus Foundation, Inc. as of August 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sheptoff, Reuber & Company P.C.

Glastonbury, Connecticut
January 20, 2009

THE EQUUS FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2008

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 408,339
Investments	75,000
Contributions receivable, net of discounts	92,071
Other assets	<u>1,157</u>

TOTAL CURRENT ASSETS 576,567

FIXED ASSETS:

Arnhold Trophy	1,275
Less: accumulated depreciation	<u>61</u>

NET FIXED ASSETS 1,214

TOTAL ASSETS \$ 577,781

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Grants payable	<u>\$ 322,342</u>
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NET ASSETS:

Unrestricted	255,439
Temporarily restricted	-
Permanently restricted	<u>-</u>

TOTAL NET ASSETS 255,439

TOTAL LIABILITIES AND NET ASSETS \$ 577,781

The Accompanying Notes Are An Integral
Part Of This Financial Statement.

THE EQUUS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT:				
Contributions and events	\$ 539,106	\$ -	\$ -	\$ 539,106
Dividend and interest income	8,097	-	-	8,097
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	547,203	-	-	547,203
EXPENSES AND LOSSES:				
Program services	324,950	-	-	324,950
Management and general	25,969	-	-	25,969
Fund-raising	113,328	-	-	113,328
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES AND LOSSES	464,247	-	-	464,247
CHANGE IN NET ASSETS	82,956	-	-	82,956
NET ASSETS, BEGINNING OF YEAR	<hr/> 172,483	<hr/> -	<hr/> -	<hr/> 172,483
NET ASSETS, END OF YEAR	<hr/> <u>\$ 255,439</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 255,439</u>

The Accompanying Notes Are An Integral
Part Of This Financial Statement.

THE EQUUS FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 82,956
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in contributions receivable	(86,921)
Increase in other assets	(1,157)
Increase in accounts payable	322,342
Depreciation	<u>61</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>317,281</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets	(1,275)
Purchases of investments	<u>(25,000)</u>
NET CASH USED IN INVESTING ACTIVITIES	(26,275)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>117,333</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 408,339</u></u>

The Accompanying Notes Are An Integral
Part Of This Financial Statement.

THE EQUUS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2008

NOTE 1: Nature of Activities and Summary of Significant Accounting Policies:

Nature of Activities: The Equus Foundation, Inc. (the "Organization") is a nonprofit organization incorporated in 2002 under the laws of the State of Connecticut and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Classified as a publicly supported organization, the primary purpose of The Equus Foundation, Inc. is to award grants to charitable organizations for programs that have a beneficial impact on the community, with special emphasis on promoting the positive use of the horse for the benefit of the general public, improving the quality of life of horses, contributing to the welfare of the participants in the equestrian sport, and elevating the equestrian sport and profession as a whole. The Organization's support comes primarily through donor contributions.

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At August 31, 2008, the Organization had no temporarily or permanently restricted net assets.

Cash Equivalents: For purposes of the statement of cash flows, cash equivalents include investments in money funds.

Investments: Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. At August 31, 2008, the fair values of the marketable securities were the same as the cost basis.

Contributions Receivable: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

THE EQUUS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2008

NOTE 1: (Continued):

Contributions are considered to be fully collectible by the Board of Directors as of August 31, 2008. Accordingly, no allowance for uncollectible accounts is deemed necessary.

Use of Estimates: The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions: Under SFAS No. 116, Accounting of Contributions Received and Contributions Made, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions. Gifts and contributions are recorded at fair value.

Income Taxes: The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Fixed Assets: The Organization capitalizes fixed assets at cost. Fixed assets are being depreciated over estimated useful lives of five to ten years using the straight line method.

NOTE 2: Promises to Give: Unconditional promises to give consist of the following:

Receivable in less than one year	\$ 9,065
Receivable in one to five years	<u>95,000</u>
Total unconditional promises to give	104,065
Less discounts to net present value	<u>11,994</u>
Net unconditional promises to give	<u>\$ 92,071</u>

The discount rate used on long-term promises to give was 4% for the year ended August 31, 2008.

THE EQUUS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2008

NOTE 3: Donated Services: The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTE 4: Investments: Investments as of August 31, 2008, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Unrestricted	\$ 75,000	\$ 75,000	\$ 75,000

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended August 31, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 8,097	\$-	\$-	\$ 8,097

NOTE 5: Grants Payable: Grants payable consists of amounts awarded, but not paid, to grant recipients as of August 31, 2008. Grant applications are reviewed and decided upon in August and subsequently paid in September.

NOTE 6: Concentrations of Credit Risk: The Company places its temporary cash investments with major financial institutions in excess of the insured deposit limit. The failure of a financial institution may result in a loss of cash deposits in excess of the insured deposit amount. FDIC insurance is limited to the amount of the bank balance up to the maximum insured deposit limit of \$250,000 on interest bearing accounts. Legislation authorizing the increase from \$100,000 to \$250,000 in deposit insurance coverage limits is effective from October 3, 2008, through December 31, 2009. Also, as of October 14, 2008, all non-interest bearing transaction deposit accounts at an FDIC-insured institution, including business checking deposit accounts that do not earn interest, are fully insured for the entire amount in the deposit account. This unlimited insurance coverage is temporary and will remain in effect for participating institutions until December 31, 2009.

The Organization places its temporary cash investments with a brokerage firm in excess of the insured deposit limit. The failure of a financial institution may result in a loss of cash deposits in excess of the insured deposit amount.

THE EQUUS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2008

NOTE 7: Special Events: Special events consist of activities designed to raise support for the Organization. Such activities may occur on an annual basis or be a unique event designated for a specific year. Contributions from such events totaled \$396,665 for the year ended August 31, 2008.

NOTE 8: Related Party Transactions: The Organization received contributions of approximately \$98,100 from members of the Organization's board of directors for the year ended August 31, 2008. This amount is included in the contribution and event revenue. There were no related party receivables at August 31, 2008.

SUPPLEMENTARY INFORMATION

THE EQUUS FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2008

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Grants paid	\$ 301,200	\$ -	\$ -	\$ 301,200
Education	23,750	-	-	23,750
Fairfield Horse Show	-	-	53,810	53,810
Winter Equestrian Festival Event	-	-	35,768	35,768
Development	-	-	18,750	18,750
Publicity	-	-	5,000	5,000
Depreciation	-	61	-	61
Filing fees	-	50	-	50
Insurance	-	1,280	-	1,280
Office expense	-	1,828	-	1,828
Professional fees	-	22,750	-	22,750
	<u>\$ 324,950</u>	<u>\$ 25,969</u>	<u>\$ 113,328</u>	<u>\$ 464,247</u>