

**THE EQUUS FOUNDATION, INC.  
DBA HORSE CHARITIES OF AMERICA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**AUGUST 31, 2011**

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

**THE EQUUS FOUNDATION, INC.  
DBA HORSE CHARITIES OF AMERICA**

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# Sheptoff, Reuber & Company, P.C.

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## INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
The Equus Foundation, Inc. dba Horse Charities of America

We have audited the accompanying statement of financial position of The Equus Foundation, Inc. dba Horse Charities of America (a Connecticut nonprofit organization) as of August 31, 2011, 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. dba Horse Charities of America as of August 31, 2011, 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 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 audit 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.

*Sheptoff Reuber & Company, P.C.*

Glastonbury, Connecticut  
December 30, 2011

**THE EQUUS FOUNDATION, INC.  
DBA HORSE CHARITIES OF AMERICA**

**STATEMENT OF FINANCIAL POSITION**

**AUGUST 31, 2011**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 463,223
Unconditional promises to give - current portion	18,000
Contributions receivable	16,635
Other assets	<u>1,530</u>

TOTAL CURRENT ASSETS 499,388

**FIXED ASSETS:**

Trophies	6,408
Less: accumulated depreciation	<u>1,890</u>

NET FIXED ASSETS 4,518

**OTHER ASSETS:**

Unconditional promises to give, net of discounts	<u>5,611</u>
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TOTAL ASSETS \$ 509,517

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Grants payable	\$ 246,885
Accounts payable and accrued expenses	<u>21,314</u>

TOTAL CURRENT LIABILITIES 268,199

**NET ASSETS:**

Unrestricted	171,686
Temporarily restricted	<u>69,632</u>

TOTAL NET ASSETS 241,318

TOTAL LIABILITIES AND NET ASSETS \$ 509,517

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

**THE EQUUS FOUNDATION, INC.  
DBA HORSE CHARITIES OF AMERICA**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED AUGUST 31, 2011**

CHANGES IN UNRESTRICTED NET ASSETS:

REVENUES AND GAINS:

Program service revenues	\$ 469,224
Dividend and interest income	37
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TOTAL UNRESTRICTED REVENUES AND GAINS	469,261
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NET ASSETS RELEASED FROM RESTRICTIONS:

Expiration of time restrictions - Horse Whisperers	<hr/> 17,268
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TOTAL UNRESTRICTED REVENUES, GAINS, AND OTHER SUPPORT	486,529
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EXPENSES AND LOSSES:

Program services	343,662
Management and general	19,087
Fund raising	<hr/> 130,143

TOTAL EXPENSES AND LOSSES	492,892
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DECREASE IN UNRESTRICTED NET ASSETS	(6,363)
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CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:

Contributions - Horse Whisperers	4,110
Net assets released from restrictions - expiration of time	<hr/> (17,268)

DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	(13,158)
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DECREASE IN NET ASSETS	(19,521)
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NET ASSETS, BEGINNING OF YEAR	<hr/> 260,839
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NET ASSETS, END OF YEAR	<hr/> <hr/> \$ 241,318
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The Accompanying Notes Are An Integral  
Part Of This Financial Statement.

**THE EQUUS FOUNDATION, INC.  
DBA HORSE CHARITIES OF AMERICA**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED AUGUST 31, 2011**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ (19,521)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	915
Decrease in unconditional promise to give	24,103
Increase in contributions receivable	(14,135)
Increase in other assets	(838)
Increase in grants payable	15,635
Increase in accounts payable	<u>21,314</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	27,473
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>435,750</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 463,223</u></u>

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

**THE EQUUS FOUNDATION, INC.  
DBA HORSE CHARITIES OF AMERICA**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2011**

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

**Nature of Activities:** The Equus Foundation, Inc. dba Horse Charities of America (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. dba Horse Charities of America 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.

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

**Promises to Give:** 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. Contributions are considered to be fully collectible by the Board of Directors as of August 31, 2011. Accordingly, no allowance for uncollectible accounts is deemed necessary.

**THE EQUUS FOUNDATION, INC.  
DBA HORSE CHARITIES OF AMERICA**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2011**

**NOTE 1: (Continued):**

**Property and Equipment:** Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

**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.

**Contributed 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.

**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.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2008, 2009 and 2010 are subject to examination by the IRS, generally for three years after they were filed.

**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.

**THE EQUUS FOUNDATION, INC.  
DBA HORSE CHARITIES OF AMERICA**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2011**

**NOTE 2: Restrictions on Net Assets:** The restrictions on net assets at August 31, 2011 are related to funds raised through the Horse Whisperer program. Horse Whisperer grants are named by the donors in honor of a family member, friend, associate, or in the memory of a loved one or a loved equine companion. Horse Whisperer grants may be restricted by either purpose or passage of time.

Temporarily restricted net assets are available for the following purposes or periods:

Horse Whisperer's Designated for Future Periods	<u>\$ 69,632</u>
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There were no permanently restricted net assets at August 31, 2011.

**NOTE 3: Promises to Give:** Unconditional promises to give consist of the following:

Unconditional Promises to Give at August 31, 2011	\$ 28,000
Less: Unamortized Discounts	<u>4,389</u>
Net Unconditional Promises to Give August 31, 2011	<u>\$ 23,611</u>
Amounts of Unconditional Promises to Give Due in:	
Less than one year	\$ 18,000
One to three years	<u>10,000</u>
	<u>\$ 28,000</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 4%, when the donor makes an unconditional promise to give to the Organization.

**NOTE 4: Grants Payable:** Grants payable consists of amounts awarded, but not paid, to grant recipients as of August 31, 2011. Grant applications are reviewed and decided upon in August and subsequently paid in September.

**THE EQUUS FOUNDATION, INC.  
DBA HORSE CHARITIES OF AMERICA**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2011**

**NOTE 5: Concentrations of Credit Risk:** Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash.

The Company places its temporary cash investments with major financial institutions which at times may exceed 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.

Standard 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. The FDIC insurance coverage limit applies per depositor, per insured depository institution for each account ownership category.

From December 31, 2010 through December 31, 2012, at all FDIC-insured institutions, deposits held in non-interest bearing transaction accounts will be fully insured regardless of the amount in the account.

**NOTE 6: 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 \$379,518 for the year ended August 31, 2011.

**NOTE 7: Related Party Transactions:** The Organization received contributions of approximately \$83,399 from members of the Organization's board of directors for the year ended August 31, 2011. This amount is included in the program services revenue. The related party receivable at August 31, 2011 was \$27,826.

**NOTE 8: Subsequent Events:** Management evaluated events occurring between the end of the most recent fiscal year and December 30, 2011, the date the financial statements were available to be issued and no such events had occurred that would require adjustment to or disclosure in, the financial statements.

**SUPPLEMENTARY INFORMATION**

**THE EQUUS FOUNDATION, INC.  
DBA HORSE CHARITIES OF AMERICA**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED AUGUST 31, 2011**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Grants paid	\$ 270,615	\$ -	\$ -	\$ 270,615
Communications and education	13,769	-	-	13,769
Management fee	54,784	2,315	20,061	77,160
Occupancy	4,494	190	1,646	6,330
Fairfield Horse Show	-	-	45,344	45,344
Winter Equestrian Festival event	-	-	25,315	25,315
WEF Fete Cheval	-	-	27,362	27,362
Marketing	-	-	8,676	8,676
Campaign expenses	-	-	1,739	1,739
Professional fees	-	12,500	-	12,500
Insurance	-	1,355	-	1,355
Bad debt expense	-	1,155	-	1,155
Depreciation	-	915	-	915
Office expense	-	657	-	657
	<u>\$ 343,662</u>	<u>\$ 19,087</u>	<u>\$ 130,143</u>	<u>\$ 492,892</u>