

AHEAD WITH HORSES, INC.
(A California Non-profit Corporation)

FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

AHEAD WITH HORSES, INC.
(A CALIFORNIA NON-PROFIT CORPORATION)
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Independent Auditors' Report

Board of Directors
Ahead with Horses, Inc.
Shadow Hills, CA. 91040

Report on the Financial Statements

We have audited the accompanying financial statements of Ahead with Horses, Inc. (a California non-profit organization), which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities, cash flows, and schedules of functional expenses 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 auditor's 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 Ahead with Horses, Inc. as of June 30, 2019 and 2018, 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 audit was conducted for the purpose of forming an opinion on the financial statements 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.

A handwritten signature in black ink that reads "Goldman Kurland & Miraglia LLP". The signature is written in a cursive, flowing style.

Goldman Kurland & Miraglia, LLP
Encino, California

October 30, 2019

AHEAD WITH HORSES, INC.
(A CALIFORNIA NON-PROFIT CORPORATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS	UNRESTRICTED		TEMPORARILY RESTRICTED		COMBINED	
	2019	2018	2019	2018	2019	2018
CASH	\$ 421,351	\$ 471,489	\$ -	\$ -	\$ 421,351	\$ 471,489
DEPOSITS	3,000	3,000	-	-	3,000	3,000
PROPERTY AND EQUIPMENT (NOTE 3)	944,962	954,608	-	-	944,962	954,608
SITE DEVELOPMENT COSTS (NOTE 3)	86,265	20,963	-	-	86,265	20,963
INVESTMENTS	133,384	119,930	-	-	133,384	119,930
TOTAL ASSETS	\$ 1,588,962	\$ 1,569,990	\$ -	\$ -	\$ 1,588,962	\$ 1,569,990
LIABILITIES						
CREDIT CARDS PAYABLE	\$ 422	\$ 74	\$ -	\$ -	\$ 422	\$ 74
MORTGAGE PAYABLE	742,968	754,464	-	-	742,968	754,464
TOTAL LIABILITIES	\$ 743,390	\$ 754,538	\$ -	\$ -	\$ 743,390	\$ 754,538
NET ASSETS						
UNRESTRICTED	845,572	815,452	-	-	845,572	815,452
TOTAL NET ASSETS	845,572	815,452	-	-	845,572	815,452
TOTAL LIABILITIES AND NET ASSETS	\$ 1,588,962	\$ 1,569,990	\$ -	\$ -	\$ 1,588,962	\$ 1,569,990

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AHEAD WITH HORSES, INC.
(A CALIFORNIA NON-PROFIT CORPORATION)
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	UNRESTRICTED		TEMPORARILY RESTRICTED		COMBINED	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
SUPPORT AND REVENUES						
CONTRIBUTIONS	\$ 227,146	\$ 185,978	\$ -	\$ -	\$ 227,146	\$ 185,978
GRANTS	76,477	73,985	-	-	76,477	73,985
SPECIAL EVENTS	28,570	16,914	-	-	28,570	16,914
INTEREST	987	1,221	-	-	987	1,221
DIVIDENDS	<u>3,866</u>	<u>3,156</u>	<u>-</u>	<u>-</u>	<u>3,866</u>	<u>3,156</u>
TOTAL SUPPORT AND REVENUES	<u>337,046</u>	<u>281,254</u>	<u>-</u>	<u>-</u>	<u>337,046</u>	<u>281,254</u>
FUNCTIONAL EXPENSES (SCHEDULE)						
PROGRAM SERVICES	273,084	256,287	-	-	273,084	256,287
SUPPORT SERVICES	28,546	27,650	-	-	28,546	27,650
FUND RAISING	8,367	10,557	-	-	8,367	10,557
SPECIAL EVENTS	<u>6,517</u>	<u>3,940</u>	<u>-</u>	<u>-</u>	<u>6,517</u>	<u>3,940</u>
TOTAL FUNCTIONAL EXPENSES	<u>316,514</u>	<u>298,434</u>	<u>-</u>	<u>-</u>	<u>316,514</u>	<u>298,434</u>
OTHER INCOME/(EXPENSES)						
UNREALIZED GAIN ON INVESTMENTS	9,763	16,310	-	-	9,763	16,310
INVESTMENT ADVISORY FEES	<u>(175)</u>	<u>(1,419)</u>	<u>-</u>	<u>-</u>	<u>(175)</u>	<u>(1,419)</u>
TOTAL OTHER INCOME	<u>9,588</u>	<u>14,891</u>	<u>-</u>	<u>-</u>	<u>9,588</u>	<u>14,891</u>
INCREASE/(DECREASE) IN NET ASSETS	30,120	(2,289)	-	-	30,120	(2,289)
NET ASSETS						
BEGINNING OF PERIOD	<u>815,452</u>	<u>817,741</u>	<u>-</u>	<u>-</u>	<u>815,452</u>	<u>817,741</u>
END OF PERIOD	<u>\$ 845,572</u>	<u>\$ 815,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 845,572</u>	<u>\$ 815,452</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AHEAD WITH HORSES, INC.
(A CALIFORNIA NON-PROFIT CORPORATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	UNRESTRICTED		TEMPORARILY RESTRICTED		COMBINED	
	2019	2018	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:						
INCREASE/(DECREASE) IN NET ASSETS	\$ 30,120	\$ (2,289)	\$ -	\$ -	\$ 30,120	\$ (2,289)
DEPRECIATION AND AMORTIZATION	9,646	7,336	-	-	9,646	\$ 7,336
DIVIDENDS RECEIVED ON INVESTMENTS	(3,866)	(3,156)	-	-	(3,866)	\$ (3,156)
INCREASE IN CREDIT CARD LIABILITIES	348	74	-	-	348	\$ 74
TRANSFER INVESTMENT TO OPERATING ACCOUNT	-	37,837	-	-	-	\$ 37,837
UNREALIZED GAIN AND FEES ON INVESTMENTS	<u>(9,588)</u>	<u>(14,891)</u>	<u>-</u>	<u>-</u>	<u>(9,588)</u>	<u>(14,891)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>26,660</u>	<u>24,911</u>	<u>-</u>	<u>-</u>	<u>26,660</u>	<u>24,911</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
ACQUISITION COSTS	-	(3,325)	-	-	-	(3,325)
ACQUISITION OF LAND	-	(910,000)	-	-	-	(910,000)
ACQUISITION OF PROPERTY AND EQUIPMENT	-	(21,206)	-	-	-	(21,206)
SITE DEVELOPMENT COSTS	<u>(65,302)</u>	<u>(20,963)</u>	<u>-</u>	<u>-</u>	<u>(65,302)</u>	<u>(20,963)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(65,302)</u>	<u>(955,494)</u>	<u>-</u>	<u>-</u>	<u>(65,302)</u>	<u>(955,494)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:						
PRINCIPAL PAYMENTS ON MORTGAGE PAYABLE	(11,496)	(5,536)	-	-	(11,496)	(5,536)
BORROWINGS: MORTGAGE PAYABLE	<u>-</u>	<u>760,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>760,000</u>
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	<u>(11,496)</u>	<u>754,464</u>	<u>-</u>	<u>-</u>	<u>(11,496)</u>	<u>754,464</u>
NET DECREASE IN CASH	(50,138)	(176,119)	-	-	(50,138)	(176,119)
CASH AT BEGINNING OF PERIOD	471,489	647,608	-	-	471,489	647,608
CASH AT END OF PERIOD	<u>\$ 421,351</u>	<u>\$ 471,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,351</u>	<u>\$ 471,489</u>
 SUPPLEMENTAL INFORMATION	<u>2019</u>	<u>2018</u>				
INTEREST	<u>\$ 37,462</u>	<u>\$ 20,296</u>				
INCOME TAXES	<u>\$ -</u>	<u>\$ -</u>				
 NON-CASH INVESTING AND FINANCING ACTIVITIES:						
MORTGAGE PAYABLE ON PURCHASE OF RAW LAND	<u>\$ -</u>	<u>\$ 760,000</u>				

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

AHEAD WITH HORSES, INC.
(A CALIFORNIA NON-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 AHEAD WITH HORSES, INC.

AHEAD WITH HORSES, INC. ("AHEAD WITH HORSES") IS A CALIFORNIA NON-PROFIT CORPORATION PRINCIPALLY FUNDED BY PUBLIC DONATIONS. "AHEAD WITH HORSES" IS A THERAPEUTIC, DEVELOPMENTAL RIDING PROGRAM FOR THE DISABLED WHICH SERVES APPROXIMATELY 50 DISABLED INDIVIDUALS EACH WEEK IN PORTIONS OF THE CITY OF LOS ANGELES AND THROUGHOUT SOUTHERN CALIFORNIA.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (A) REVENUE FROM FEDERAL GRANTS, CONTRACTS AND PUBLIC DONATIONS IS RECORDED WHEN RECEIVED.
- (B) "AHEAD WITH HORSES" CAPITALIZES ALL EXPENDITURES FOR PROPERTY AND EQUIPMENT IN EXCESS OF \$500. DEPRECIATION IS PROVIDED, USING THE STRAIGHT-LINE METHOD OVER THE ESTIMATED USEFUL LIFE OF THE RELATED ASSET. THE FOLLOWING USEFUL LIVES ARE USED IN DETERMINING DEPRECIATION:

	<u>ESTIMATED USEFUL LIFE</u>
TRANSPORTATION EQUIPMENT	5 YEARS
FIXTURES	5 YEARS
HORSES	10 YEARS
LEASEHOLD IMPROVEMENTS	15 YEARS

- (C) "AHEAD WITH HORSES" IS EXEMPT FROM FEDERAL AND CALIFORNIA INCOME TAXES UNDER SECTION 501 (C) (3) OF THE UNITED STATES INTERNAL REVENUE CODE AND CORRESPONDING CALIFORNIA CODES. DONATIONS TO "AHEAD WITH HORSES" ARE FULLY TAX DEDUCTIBLE.
- (D) NO AMOUNTS HAVE BEEN REPORTED IN THE FINANCIAL STATEMENTS FOR DONATED HORSES BECAUSE NO OBJECTIVE BASIS IS AVAILABLE TO MEASURE THE VALUE OF SUCH MATERIALS OR SERVICES.
- (E) "AHEAD WITH HORSES" RECORDS ITS INVESTMENTS AT MARKET VALUE.
- (F) THE COMPANY CONSIDERS DEPOSITS THAT CAN BE REDEEMED ON DEMAND AND INVESTMENTS THAT HAVE ORIGINAL MATURITIES OF LESS THAN THREE MONTHS, WHEN PURCHASED, TO BE CASH EQUIVALENTS.
- (G) THE PREPARATION OF FINANCIAL STATEMENTS IN CONFORMITY WITH US GAAP REQUIRES MANAGEMENT TO MAKE CERTAIN 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 AND EXPENSES DURING THE REPORTING PERIOD. ACTUAL RESULTS COULD DIFFER FROM THOSE ESTIMATES.

AHEAD WITH HORSES, INC.
(A CALIFORNIA NON-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 3 PROPERTY AND EQUIPMENT

AT JUNE 30, 2019 AND 2018, THE COST AND ACCUMULATED DEPRECIATION OF PROPERTY AND EQUIPMENT WERE AS FOLLOWS:

	2019	2018
FURNITURE AND FIXTURES	\$ 12,170	\$ 12,170
ACQUISITION COSTS	3,325	3,325
HORSE	1,500	1,500
RAW LAND	910,000	910,000
LEASEHOLD IMPROVEMENTS	9,987	9,987
MACHINERY AND EQUIPMENT	21,206	21,206
TRUCKS	<u>49,548</u>	<u>49,548</u>
TOTAL COSTS	1,007,736	1,007,736
LESS: ACCUMULATED DEPRECIATION AND AMORTIZATION	<u>(62,774)</u>	<u>(53,128)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 944,962</u>	<u>\$ 954,608</u>

AT JUNE 30, 2019, "AHEAD WITH HORSES" HAD EIGHT HORSES AND PONIES WHICH ARE THE ESSENCE OF THE PROGRAM. ALL BUT ONE OF THE ANIMALS HAVE BEEN DONATED TO THE PROGRAM. NO VALUE IS REPORTED IN THE FINANCIAL STATEMENTS FOR THE DONATED HORSES SINCE THE VALUE TO THE PROGRAM IS INDETERMINABLE AND NO SALVAGE VALUE EXISTS.

DURING THE YEAR ENDED JUNE 30, 2018, THE COMPANY PURCHASED LAND FOR \$910,000. MANAGEMENT ACQUIRED THIS RAW LAND TO DEVELOP FOR THE PURPOSE OF RELOCATING ITS OPERATIONS. A GRANT DEED WAS RECORDED ON DECEMBER 19, 2017, NAMING "AHEAD WITH HORSES" AS THE OWNER. THE COMPANY IS IN THE DEVELOPMENT STAGE OF THIS SITE. AS OF THE DATE OF THESE FINANCIAL STATEMENTS, TOTAL ACCUMULATED SITE DEVELOPMENT COSTS AT JUNE 30, 2019 WAS \$86,265. THE COMPANY ANTICIPATES THEY WILL MOVE INTO THE NEW LOCATION BY NOVEMBER 2019.

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

AS OF JUNE 30, 2019 AND 2018, THERE ARE NO RESTRICTED FUNDS DESIGNATED BY DONORS OR GRANTORS.

NOTE 5 LEASE COMMITMENTS - RELATED PARTY

THE COMPANY IS RENTING ITS FACILITIES FROM A BOARD MEMBER IN SHADOW HILLS, CALIFORNIA. ON JULY 1, 2018, THE COMPANY ENTERED INTO A 1-YEAR LEASE AGREEMENT WITH THE BOARD MEMBER FOR \$3,300 PER MONTH. THE LEASE TERM MATURED ON JUNE 30, 2019. THE LEASE IS CURRENTLY MONTH TO MONTH UNTIL THEY MOVE INTO THE NEW LOCATION IN NOVEMBER 2019.

AHEAD WITH HORSES, INC.
(A CALIFORNIA NON-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 6 SUBSEQUENT EVENTS

THERE WERE NO EVENTS SUBSEQUENT TO JULY 1, 2019 THROUGH OCTOBER 30, 2019, THE DATE THE FINANCIAL STATEMENTS WERE AVAILABLE TO BE ISSUED, THAT REQUIRED RECOGNITION OR ADDITIONAL DISCLOSURE IN THE FINANCIAL STATEMENTS.

AHEAD WITH HORSES, INC.
(A CALIFORNIA NON-PROFIT CORPORATION)
SCHEDULES OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	PROGRAM SERVICES	SUPPORT SERVICES	FUND RAISING	SPECIAL EVENTS	TOTALS	
					2019	2018
<u>INDIRECT PROGRAM EXPENSES</u>						
SALARIES	\$ 76,223	\$ 16,512	\$ -	\$ -	\$ 92,735	\$ 90,248
<u>DIRECT PROGRAM EXPENSES</u>						
ACCOUNTING	-	7,890	-	-	7,890	7,890
AMORTIZATION	222	-	-	-	222	111
ADVERTISING	-	-	-	-	-	251
AUTOMOBILE	2,186	-	-	-	2,186	725
BANK CHARGES	-	137	-	-	137	161
DEPRECIATION	9,424	-	-	-	9,424	7,225
DISPOSAL	1,254	-	-	-	1,254	2,333
DOCUMENTATION & REPORTS	115	-	-	-	115	158
DONATIONS	3,925	-	-	-	3,925	3,350
DUES & SUBSCRIPTIONS	849	-	-	-	849	1,196
FEED & TACK	12,402	-	-	-	12,402	9,923
GIFTS	-	-	-	-	-	46
INSURANCE	38,957	-	-	-	38,957	51,393
INTEREST	37,462	-	-	-	37,462	20,296
MEALS	-	-	88	3,250	3,338	1,029
MAINTENANCE & REPAIRS	1,527	-	-	-	1,527	224
OFFICE SUPPLIES & EXPENSES	3,664	-	-	567	4,231	4,201
OUTSIDE SERVICES	15,604	-	1,116	-	16,720	12,862
PAYROLL PROCESSING	1,901	1,106	-	-	3,007	2,765
POSTAGE	2,477	-	-	-	2,477	1,027
PRINTING	3,129	-	713	-	3,842	3,007
RENT	39,600	-	4,748	2,700	47,048	45,562
RENT - OTHER	2,876	-	-	-	2,876	-
SHOEING	3,560	-	-	-	3,560	3,560
SUPPLIES	6,109	-	1,702	-	7,811	11,350
TAXES & LICENSES	637	-	-	-	637	122
TAXES - PAYROLL	4,352	2,901	-	-	7,253	6,936
TAXES - PROPERTY	166	-	-	-	166	5,808
UNIFORMS	547	-	-	-	547	1,081
UTILITIES	1,476	-	-	-	1,476	2,005
VETERINARIAN	2,440	-	-	-	2,440	1,589
TOTAL DIRECT PROGRAM EXPENSES	<u>196,861</u>	<u>12,034</u>	<u>8,367</u>	<u>6,517</u>	<u>223,779</u>	<u>208,186</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 273,084</u>	<u>\$ 28,546</u>	<u>\$ 8,367</u>	<u>\$ 6,517</u>	<u>\$ 316,514</u>	<u>\$ 298,434</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS