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Board of Directors
Equine Voices Rescue and Sanctuary
Amado, Arizona

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion on the Financial Statements

We have audited the financial statements of Equine Voices Rescue and Sanctuary (the Organization), an Arizona nonprofit corporation, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets and cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

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, 2022 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and 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 the combined 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 the Organization's ability to continue as a going concern for at least one year beyond this report date.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and to issue an auditor's report that includes our 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 GAAS 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 an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Consider whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are 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 matters that we identified during the audit.

Frey Solutions P.C.

Tucson, Arizona
October 25, 2023

EQUINE VOICES RESCUE AND SANCTUARY
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents- unrestricted	\$ 1,093,116
Cash and cash equivalents- restricted	82,789
Accounts receivable	
Prepaid expenses and deposits	65,942
Investments	754,518
Certificates of deposit	208,000
Merchandise inventories	<u>16,269</u>
Total current assets	<u>2,220,634</u>

PROPERTY AND EQUIPMENT , net of accumulated depreciation of \$359,684 and \$307,839, respectively	1,003,579
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OTHER ASSETS

Right-to-use asset-related party property rental	40,000
Security deposit-Boutique	1,400
Donated investment land	<u>5,600</u>
Total other assets	<u>47,000</u>

TOTAL ASSETS	<u><u>\$ 3,271,213</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 157,065
Rental deposits	3,125
Right-to-use asset-related party property rental	<u>10,000</u>
Total current liabilities	<u>170,190</u>

OTHER LIABILITIES

Right-to-use asset-related party property rental, net of current portion	<u>30,000</u>
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NET ASSETS

Without donor restrictions	2,988,234
With donor restrictions- purpose restrictions	<u>82,789</u>
Total net assets	<u>3,071,023</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,271,213</u></u>
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These financial statements should be read only in connection with the accompanying notes.

EQUINE VOICES RESCUE AND SANCTUARY
STATEMENTS OF ACTIVITIES
Year Ended December 31, 2022

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS**REVENUES AND SUPPORT**

Contributions and grants	\$ 1,511,022
In-kind donations	3,313
Fundraising events, net of expenses of \$25,384	83,138
Gift and resale boutique stores sales	77,132
Cost of merchandise	(10,669)
Guesthouse rental and miscellaneous	3,490
Equine program income	8,756
Merchant fees	(9,007)
Investment loss	(157,431)
Revenues and Support Without Donor Restrictions	<u>1,509,744</u>
Net Assets Released From Restrictions- Restrictions Satisfied	170,149
Total Revenues and Support Without Donor Restrictions	<u>1,679,893</u>

EXPENSES

Program services	912,940
General and administrative	83,980
Fundraising	342,281
Total expenses	<u>1,339,201</u>

Increase in Net Assets Without Donor Restrictions

	<u>340,692</u>
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CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS**REVENUES AND SUPPORT**

Contributions	71,365
Net assets released from restrictions	(170,149)

Decrease in Net Assets With Donor Restrictions

	<u>(98,784)</u>
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Increase in Total Net Assets

	241,908
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NET ASSETS, BEGINNING OF YEAR, RESTATED

	<u>2,829,115</u>
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NET ASSETS, END OF YEAR

	<u><u>\$ 3,071,023</u></u>
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These financial statements should be read only in connection with the accompanying notes.

EQUINE VOICES RESCUE AND SANCTUARY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in total net assets	\$ 241,908
Adjustments to reconcile increase in total net assets to net cash provided by operating activities:	
Depreciation	51,845
Decrease in fair market value of investments	185,150
Changes in operating assets and liabilities:	
Decrease in accounts receivable	5,585
Decrease in prepaid expenses and deposits	2,316
Increase in merchandise inventories	(285)
Decrease in accounts payable and accrued expenses	(16,514)
Increase in rental deposits	3,125
Net cash provided by operating activities	<u>473,130</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of certificates of deposits	(208,000)
Sales of investments	110,436
Purchases of fixed assets	(160,174)
Net cash provided by investing activities	<u>(257,738)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

215,392

**CASH, CASH EQUIVALENTS, AND RESTRICTED CASH
BEGINNING OF YEAR**960,513**CASH, CASH EQUIVALENTS, AND RESTRICTED CASH
END OF YEAR**\$ 1,175,905**COMPONENTS OF CASH EQUIVALENTS AND RESTRICTED CASH**

Cash and cash equivalents- unrestricted	\$ 1,093,116
Cash and cash equivalents- restricted	82,789
	<u>\$ 1,175,905</u>

SUPPLEMENTAL DISCLOSURES

Interest paid	-
Income taxes paid	-
Noncash transactions- Inkind donations	<u>\$3,313</u>

These financial statements should be read only in connection with the accompanying notes.

EQUINE VOICES RESCUE AND SANCTUARY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Animal care and local operations				
Payroll, benefits and taxes	\$ 189,819	\$ 40,675	\$ 40,675	\$ 271,169
Advertising and promotion	1,455	273	91	1,820
Depreciation	45,623	5,185	1,037	51,845
Animal care	141,688			141,688
Donor management			10,867	10,867
Professional fees	37,429	7,018	2,339	46,786
Bank fees	518	97	32	647
Travel and meals	3,617	678	226	4,521
Office expenses	3,428	643	214	4,285
Occupancy	14,736	2,763	921	18,420
Amortization of ROU asset	10,000			10,000
Insurance	13,024	2,442	814	16,280
Ranch and equipment	11,312			11,312
Guesthouse rental		3,256		3,256
Postage/printing	2,393	513	513	3,417
State Registration Costs			4,701	4,701
Volunteer expense	2,147	403	134	2,684
Vehicles operations	20,968	3,931	1,310	26,209
Repairs and maintenance	329			329
Supplies	1,574	295	98	1,968
Telephone and internet	4,106	770	257	5,134
Utilities	3,898	731	244	4,872
Website	877	165	55	1,097
Miscellaneous	1,385	260	87	1,732
Total animal care and local operations	<u>510,325</u>	<u>70,097</u>	<u>64,616</u>	<u>645,039</u>
National public awareness and fundraising				
Postage	\$ 95,265	3,285	65,700	\$ 164,250
Printing	91,222	3,146	62,912	157,279
Mailhouse / Laser	49,176	1,696	33,914	84,786
Agency Fee	47,789	1,648	32,958	82,394
Front-End Premiums	45,872	1,582	31,636	79,090
Data Processing	16,139	557	11,130	27,825
Bookkeeping	12,257	423	8,453	21,133
List Rental / Advertising	10,823	373	7,464	18,660
Back-End	9,293	320	6,409	16,022
Fulfillment	7,451	257	5,138	12,846
All Other	17,330	598	11,952	29,879
Total national public awareness and fundraising	<u>402,615</u>	<u>13,883</u>	<u>277,666</u>	<u>694,164</u>
TOTALS	<u>\$ 912,940</u>	<u>\$ 83,980</u>	<u>\$ 342,281</u>	<u>\$ 1,339,203</u>

These financial statements should be read only in connection with the accompanying notes.

EQUINE VOICES RESCUE AND SANCTUARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1- NATURE OF OPERATIONS

Equine Voices Rescue and Sanctuary (the Organization) is a nonprofit corporation located in Amado, Arizona and was incorporated August 8, 2004 under the laws of the State of Arizona. The Organization is dedicated to saving Premarin mares and foals from neglect, abuse and slaughter, as well as serving as a voice for all equines to end abuse, suffering and slaughter. The Organization conducts education and community awareness activities to enlighten the public about the horrors of the Premarin and horse slaughter industries. The Organization operates a ranch facility to care for these equines and accomplishes its purpose mainly through solicitation of grants and donations as well as the conduct of fundraising events.

The Organization operates a resale boutique store in Tubac, Arizona, generally selling donated items, as well as a small gift shop on its premises. Commencing in late 2022 the Organization also commenced renting out its former visitor's center on a nightly basis for visitors who wish to stay on the ranch.

The Organization partners with a professional fundraising consultant to conduct national mail campaigns that are designed to raise awareness about the plight of horses used in the Premarin industry, call members of the public to take action to change these practices, and raise funds.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, "Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities", and other applicable standards. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

RECENT NEW MAJOR ACCOUNTING PRONOUNCEMENT

Previously the FASB issued ASU No. 2016-02, "Leases" (topic 842), requiring lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets and to disclose key information about lease agreements. The guidance is effective for entities' fiscal years beginning after December 15, 2021, therefore the Organization adopted it on its 2022 financial statements.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period.

EQUINE VOICES RESCUE AND SANCTUARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances, however, the actual results could differ from those estimates.

CASH EQUIVALENTS

The Organization considers both unrestricted and restricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

INVESTMENTS

Investments are carried at fair market value, as determined by market quotations.

INVENTORIES

Inventories of purchased merchandise for the gift and thrift shops for resale are carried at the lower of cost or net realizable value, based on a first-in, first-out basis.

EQUIPMENT AND FURNITURE

Equipment and furniture are reported at cost, if purchased, and at their fair value at the date of the donation, if donated. Items purchased or donated under \$1,000 are expensed. Maintenance and repairs that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. Useful lives are generally 5 years for office equipment, 7 years for program equipment, 5-8 years for vehicles, 10-15 years for improvements, and 20 years for ranch buildings.

NET ASSETS

Net assets are classified into one of two classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from agreements with grantor agencies and others entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions include contributed net assets for which donors have imposed future time and particular purpose restrictions. The Organization's unspent contributions are classified in this class if the donor limited their use.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

EQUINE VOICES RESCUE AND SANCTUARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

ACCOUNTING FOR CONTRIBUTIONS

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless they are received with donor stipulations that limit the use of the donated assets. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. 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.

ACCOUNTING FOR GIFTS-IN-KIND CONTRIBUTIONS

The Organization periodically receives contributions in a form other than cash or investments. If the Organization receives a contribution of property or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of the gift, provided that the value of the asset and its estimated useful life meets the Organization's capitalization policy. Donated supplies are recorded as contributions at the date of the gift and as expenses when the donated items are placed into service or distributed.

The Organization benefits from personal services provided by a substantial number of volunteers that have donated significant amounts of time and services in the Organization's program operations and its fund-raising events. However, the majority of the contributed services do not meet the criteria for recognition in the financial statements. GAAP allows recognition of contributed services only if the donated services create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. There were no such services recorded during the year ended December 31, 2022.

OTHER REVENUE AND EXPENSE RECOGNITION

Revenues from grants and special events are recognized as received. Expenses are recognized as incurred rather than paid.

ADVERTISING and PROMOTION COSTS

Advertising and promotion costs are expensed as incurred and totaled \$1,732 for the year ended December 31, 2022.

TAX STATUS

The Organization is incorporated exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and is not classified as a private foundation. Contributions to the Organization are tax deductible to donors under Section 170 of the IRC.

EQUINE VOICES RESCUE AND SANCTUARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Management believes that all tax positions the Organization has taken would be sustainable under audit by any taxing jurisdiction. The statute of limitations for tax examinations is three years for federal, four years for Arizona.

Program expense classification and functional allocation of expenses

The organization carries out two major programs: animal care and local operations, which encompass all activities and personnel serving the organization on the Organization’s ranch and boutique, and national public awareness and fundraising, which encompasses the activities that are carried out by the organization’s professional fundraising consultant in coordination with and under the direction of the Organization’s management.

The national fundraising and public awareness activities primarily include direct solicitation mailing. These mailing are not solely related to fundraising and contain various calls to action, public awareness messages, and similar content designed to raise awareness and call members of the public to take action regarding the issues the Organization advocates for.

The cost of providing the programs and other activities are summarized on a functional basis. Accordingly, costs are allocated among programs and supporting services benefited. Management’s estimate of the functional allocation of expenditures is based on actual expenditures and management’s estimate of levels of service.

National public awareness and fundraising expenses are estimated to be 58% program services, 2% general and administrative, and 40% fundraising. This estimation is based on information provided by the organization’s fundraising consultants regarding the content of mailings, and is based on the methodology of FASB ASC 958-720 regarding joint activities.

Animal care and local operations expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll, benefits and taxes	Time and effort
Depreciation	Usage
Bank and credit card fees	Full time equivalent
Professional fees	Full time equivalent
Postage and printing	Full time equivalent
Travel and meals	Time and effort
Office expenses	Full time equivalent
Occupancy	Square footage and usage
Insurance	Full time equivalent

EQUINE VOICES RESCUE AND SANCTUARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Volunteer expense	Time and effort
Vehicles operations	Usage
Website	Full time equivalent
Miscellaneous and other expenses	Full time equivalent

NOTE 3- INVESTMENTS, CERTIFICATES OF DEPOSIT AND FAIR VALUE MEASUREMENTS

GAAP requires that entities use a three-level hierarchy to prioritize the inputs used to measure fair value, and maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Level 1 of the hierarchy utilizes quoted prices for identical assets in active markets to which the Organization had access at the measurement date. Level 2 would utilize quoted prices for similar assets in active markets or identical assets in inactive markets. Level 3 utilizes unobservable inputs for an asset's fair value measurement. Since the Organization has ready access to quoted prices from an active market for its endowment investments, it utilizes level 1 inputs to measure their fair value.

Investments, all recorded at fair market value at level 1 fair value hierarchy except certificates of deposit which are level 2, were as follows as of December 31, 2022:

Mutual Funds

2,226.937 shs Russell Emerging Markets Fund	\$ 31,801
575.705 shs Russell Global Real Estate Secs Fd	15,642
3,943.073 shs Russell Global Opportunistic Credit	30,795
18,695.385 shs Russell Strategic Bond Fund	170,502
1,776.181 shs Russell Int'l Developed Markets	64,600
1,231.793 shs Russell Small Cap Equity Fund	29,415
15,646.921 shs Russell U.S. Strategic Equity	195,587
6,029.156 shs Russell Multiasset Growth Strat	54,504
10,006.127 shs Russell Global Equity Fund	76,747
1,829.374 shs Russell Global Infrastructure Fd Class S	15,294
3,767.018 shs Russell Investment Grade Bond Fd	68,822
Miscellaneous	809
	<u>\$754,518</u>

EQUINE VOICES RESCUE AND SANCTUARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Certificates of Deposit

U.S. National Bank, 3.1%, matured 3-14-23	\$ 63,000
Beal Bank USA, 3.25%, matured 6-21-23	62,000
Morgan Stanley Bank, 2.25%, matured 7-5-23	20,000
Wells Fargo Bank, 3.25%, matured 9-14-23	<u>63,000</u>
	<u>\$ 208,000</u>

The composition of the investment return reported in the statement of activities were as follows as of December 31, 2022:

Dividends and interest	\$14,210
Capital gains	13,509
Unrealized losses	<u>(185,150)</u>
Net investment loss	<u>\$(157,431)</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2022:

Vehicles	\$134,975
Buildings and ranch improvements	894,909
Land	274,500
Equipment	<u>58,879</u>
	1,363,263
Less accumulated depreciation	<u>359,684</u>
	<u>\$1,003,579</u>

Depreciation expense was \$51,845 for the year ended December 31, 2022.

NOTE 5- LEASE AGREEMENTS; RELATED PARTY TRANSACTION

The Organization had entered into a one-year lease for its Tubac, Arizona thrift store at \$1,400 monthly through August, 2022 at which time the lease went to month-to-month at the same rate.

The Organization entered into a lease agreement with the Board President for a portion of the ranch property. The lease requires monthly payments of \$833.33 to the Executive Director through December 2026. The Board President was paid \$10,000 of rents for 2022.

EQUINE VOICES RESCUE AND SANCTUARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Future minimum lease commitments, are as follows:

<u>Years Ended</u>	
December 31, 2023	10,000
December 31, 2024	10,000
December 31, 2025	10,000
December 31, 2026	<u>10,000</u>
Total	<u>\$ 40,000</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions were restricted for the following purposes as of December 31, 2022:

Horse trainer	\$ 11,621
Ranch expansion	31,898
Shade structures	23,214
Nick’s Legacy Fund- to provide funding for special animals’ need situations	<u>16,056</u>
	<u>\$82,789</u>

NOTE 7 – RESTATEMENT OF PRIOR YEAR NET ASSETS

The professional fundraising consultants retained by management maintain certain ledgers related to their activities on behalf of the Organization, including an escrow account, prepaid expense accounts, and accounts payable balances. The prepaid expense accounts and accounts payable balances are created by transactions that the professional fundraising consultants carry out under management’s direction on behalf of the Organization and are properly classified as assets and liabilities of the Organization.

The previously reported net assets of \$2,921,589 as of December 31, 2021 has been decreased by \$92,574 to \$2,829,115 as a result of determining that certain prepaid expense and accounts payable balances maintained by the professional fundraising company on behalf of the Organization were not recorded on the December 31, 2021 financial statements. The adjustment reflects the net effect of these items. There was no effect on previously reported net income for the year ended December 31, 2021.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through October 25, 2023, the date the report was made available for issuance. Events occurring after that date have not been evaluated to determine whether a change to the financial statements would be required.

EQUINE VOICES RESCUE AND SANCTUARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 9– LIQUIDITY

Financial assets as of 12-31-22	\$ 2,227,634
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Property lease commitments	(10,000)
Subject to appropriation and satisfaction of donor restrictions	<u>(82,789)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,134,845</u>

The Organization is partially supported by restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of immediate and very short-term projected requirements in short-term investments. These short-term, liquid investments may be used to fulfil needs resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, the Organization also could draw upon its investments or conduct an appeal.

These notes are an integral part of the accompanying financial statements.