



EQUINE VOICES RESCUE & SANCTUARY

"A PLACE OF HEALING"

GREEN VALLEY, ARIZONA

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

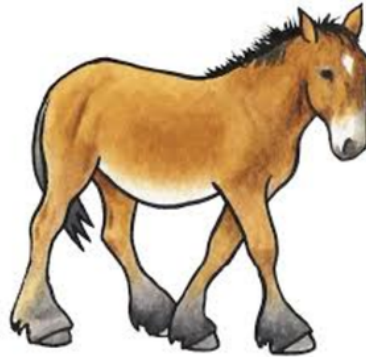


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Board of Directors
Equine Voices Rescue and Sanctuary
Amado, Arizona

Independent Auditor's Report

Opinion

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, 2024, 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, 2024 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 audits 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 our 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 6, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Frey Solutions P.C.

Tucson, Arizona
June 23, 2025

STATEMENT 1

EQUINE VOICES RESCUE AND SANCTUARY
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - operating	\$ 1,216,247	\$ 628,250
Cash and cash equivalents - reserves	72,010	95,930
Accrued interest receivable	8,314	6,925
Prepaid expenses and deposits	113,621	92,879
Investments	237,606	210,177
Certificates of deposit	348,333	634,605
Merchandise inventories	20,837	19,761
Total current assets	2,016,968	1,688,527
PROPERTY AND EQUIPMENT , net of accumulated depreciation of \$481,794 and \$420,113, respectively	982,221	1,004,507
OTHER ASSETS		
Right-to-use asset-related party property rental	20,000	30,000
Beneficial interest in assets held by GGVCF	937,617	857,078
Security deposit-Boutique	1,400	1,400
Donated investment land	5,600	5,600
Total other assets	964,617	894,078
TOTAL ASSETS	\$ 3,963,806	\$ 3,587,113
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 177,266	\$ 157,974
Accrued compensation	10,260	7,588
Right-to-use asset-related party property rental	10,000	10,000
Total current liabilities	197,526	175,562
OTHER LIABILITIES		
Right-to-use asset-related party property rental, net of current portion	10,000	20,000
NET ASSETS		
Without donor restrictions	3,684,271	3,295,621
With donor restrictions-purpose restrictions	72,010	95,930
Total net assets	3,756,281	3,391,551
TOTAL LIABILITIES AND NET ASSETS	\$ 3,963,806	\$ 3,587,113

The accompanying notes are an integral part of these financial statements.

STATEMENT 2

EQUINE VOICES RESCUE AND SANCTUARY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2024 and 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
REVENUES				
Contributions and grants	\$ 1,458,144	\$ 12,080	\$ 1,470,224	\$ 1,256,242
In-kind donations	27,512	-	27,512	13,765
Gift and resale boutique stores sales	60,949	-	60,949	86,562
Guesthouse rental	3,739	-	3,739	12,549
Equine program income	2,010	-	2,010	7,709
Interest and dividends	49,851	-	49,851	52,126
Realized/unrealized gain (loss) on investments	6,596	-	6,596	8,995
Change in beneficial interest	80,539	-	80,539	81,350
Raffle	1,025	-	1,025	-
Employee Retention	-	-	-	110,778
Miscellaneous	833	-	833	10,109
Net assets released from restrictions	36,000	(36,000)	-	-
Special event revenue	121,684	-	121,684	101,636
Less: cost of direct donor benefits	(26,615)	-	(26,615)	22,625
Special event revenue, net	<u>95,069</u>	<u>-</u>	<u>95,069</u>	<u>79,011</u>
				-
Total support and revenues	<u>1,822,267</u>	<u>(23,920)</u>	<u>1,798,347</u>	<u>1,719,197</u>
EXPENSES				
Program services	\$ 1,034,680	\$ -	\$ 1,034,680	\$ 980,012
General and administrative	98,981	-	98,981	101,032
Fundraising	299,956	-	299,956	317,625
Total expenses	<u>1,433,617</u>	<u>-</u>	<u>1,433,617</u>	<u>1,398,670</u>
Increase in Total Net Assets	<u>\$ 388,650</u>	<u>\$ (23,920)</u>	<u>\$ 364,730</u>	<u>\$ 320,527</u>
NET ASSETS, BEGINNING OF YEAR	<u>\$ 3,295,621</u>	<u>\$ 95,930</u>	<u>\$ 3,391,551</u>	<u>\$ 3,071,023</u>
NET ASSETS, END OF YEAR	<u><u>\$ 3,684,271</u></u>	<u><u>\$ 72,010</u></u>	<u><u>\$ 3,756,281</u></u>	<u><u>\$ 3,391,551</u></u>

The accompanying notes are an integral part of these financial statements.

STATEMENT 3

EQUINE VOICES RESCUE AND SANCTUARY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2024</u>	<u>2023</u>
Increase in total net assets	\$ 364,730	\$ 320,528
Adjustments to reconcile increase in total net assets to net cash provided by operating activities:		
Depreciation	61,681	60,429
Net realized and unrealized (gain) loss on investments	(6,596)	(15,410)
Change in beneficial interest at community foundation	(80,539)	(81,350)
Changes in operating assets and liabilities:		
Decrease (Increase) in accounts receivable	(1,389)	(6,925)
Decrease (Increase) in prepaid expenses and deposits	(20,742)	(26,937)
Decrease (Increase) in merchandise inventories	(1,076)	(3,492)
Increase (Decrease) in accounts payable and accrued expenses	19,292	7,143
Increase (Decrease) in rental deposits	-	(1,771)
Net cash provided by operating activities	<u>335,361</u>	<u>252,215</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	(347,728)	(634,605)
Redemption of certificates of deposit	634,000	208,000
(Purchases) sales of investments	(12,560)	(215,979)
Purchases of fixed assets	(44,995)	(61,357)
Net cash used by investing activities	<u>228,717</u>	<u>(703,941)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 564,078	 (451,726)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>724,179</u>	 <u>1,175,905</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 1,288,257</u>	 <u>\$ 724,179</u>
 SUPPLEMENTAL DISCLOSURES		
Noncash transactions- In-kind donations	<u>\$ 27,512</u>	<u>\$ 13,765</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT 4

EQUINE VOICES RESCUE AND SANCTUARY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

For Year Ended 2024	Program Services	General and Administrative	Fundraising	Totals
Animal care and local oprations				
Payroll, benefits and taxes	\$ 260,383	\$ 55,796	\$ 55,796	\$ 371,977
Advertising and promotion	1,962	368	123	2,453
Depreciation	54,280	6,168	1,234	61,681
Animal care	152,444	-	-	152,444
Donor management	-	-	10,557	10,557
Professional fees	20,410	3,827	1,276	25,512
Bank & merchant fees	7,223	1,354	451	9,029
Meals and entertainment	2,067	388	129	2,583
Office expenses	7,964	1,493	498	9,956
Occupancy	22,992	4,311	1,437	28,740
Insurance	16,501	3,094	1,032	20,627
Ranch and equipment	6,425	-	-	6,425
Guesthouse rental	-	1,517	-	1,517
Postage/printing	2,175	466	466	3,107
State registration costs	-	-	2,216	2,216
Volunteer expense	1,838	345	115	2,298
Vehicles operations	12,964	2,431	810	16,205
Repairs and maintenance	9,581	-	-	9,581
Supplies	1,297	243	81	1,621
Telephone and internet	5,356	1,004	335	6,695
Utilities	4,512	846	282	5,641
Website	1,018	191	64	1,273
Miscellaneous	3,384	634	211	4,230
Cost of merchandise	7,100	-	-	7,100
Fundraising expense	-	-	26,615	26,615
Total animal care and local operations	\$ 601,877	\$ 84,476	\$ 103,730	\$ 790,083
National public awareness and fundraising				
Postage/printing	\$ 108,217	\$ 3,627	\$ 55,719	\$ 167,562
Printing	95,583	3,203	49,214	148,000
Mailhouse/Laser	55,084	1,846	28,361	85,291
Agency fee	53,133	1,781	27,357	82,271
Front-end premiums	43,846	1,469	22,575	67,891
Data processing	14,181	475	7,302	21,958
Bookkeeping	25,044	839	12,895	38,779
List rental/advertising	8,769	294	4,515	13,578
Back-end	13,581	455	6,993	21,029
Fulfilment	8,416	282	4,333	13,032
All other	6,948	233	3,577	10,758
Total national public awareness and fundraising	\$ 432,803	\$ 14,504	\$ 222,841	\$ 670,149
Total expenses	1,034,680	98,981	326,571	1,460,231
Less expenses included with support & revenue in the statement of activities cost of direct benefits to donors	-	-	(26,615)	(26,615)
TOTALS	\$ 1,034,680	\$ 98,981	\$ 299,956	\$ 1,433,617

The accompanying notes are an integral part of these financial statements.

STATEMENT 4

EQUINE VOICES RESCUE AND SANCTUARY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

For Year Ended 2023	Program Services	General and Administrative	Fundraising	Totals
Animal care and local oprations				
Payroll, benefits and taxes	\$ 252,197	\$ 54,042	\$ 54,042	\$ 360,282
Advertising and promotion	2,511	471	157	3,139
Depreciation	53,178	6,043	1,209	60,429
Animal care	149,308	-	-	149,308
Donor management	-	-	10,822	10,822
Professional fees	37,811	7,089	2,363	47,263
Bank & Merchant fees	7,666	1,437	479	9,583
Travel and meals	2,762	518	173	3,452
Seminar and Education	-	599	-	599
Office expenses	4,971	932	311	6,214
Occupancy	22,876	4,289	1,430	28,595
Insurance	14,466	2,712	904	18,083
Ranch and equipment	24,659	-	-	24,659
Guesthouse rental	-	3,292	-	3,292
Postage/printing	2,019	433	433	2,884
State registration costs	-	-	4,047	4,047
Clinic and Workshop Expense	4,811	-	-	4,811
Volunteer expense	2,492	467	156	3,115
Vehicles operations	19,396	3,637	1,212	24,245
Repairs and maintenance	8,015	-	-	8,015
Supplies	1,790	336	112	2,238
Telephone and internet	4,157	779	260	5,196
Utilities	3,986	748	250	4,983
Website	864	162	54	1,080
Miscellaneous	5,888	1,104	368	7,360
Cost of merchandise	7,867	-	-	7,867
Total animal care and local operations	\$ 633,689	\$ 89,090	\$ 78,782	\$ 801,561
National public awareness and fundraising				
Postage/printing	\$ 85,997	\$ 2,965	\$ 59,308	\$ 148,271
Printing	74,830	2,580	51,607	129,018
Mailhouse/Laser	44,458	1,533	30,661	76,651
Agency fee	40,876	1,410	28,190	70,475
Front-end premiums	48,720	1,680	33,600	84,000
Data processing	11,708	404	8,074	20,185
Bookkeeping	8,434	291	5,816	14,541
List rental/advertising	6,978	241	4,812	12,031
Back-end	4,629	160	3,192	7,981
Fulfilment	6,756	233	4,659	11,649
All other	12,937	446	8,922	22,305
Total national public awareness and fundraising	\$ 346,323	\$ 11,942	\$ 238,843	\$ 597,108
TOTALS	\$ 980,012	\$ 101,032	\$ 317,625	\$ 1,398,669

The accompanying notes are an integral part of these financial statements.

EQUINE VOICES RESCUE AND SANCTUARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

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 professional fundraising counsel 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.

CREDIT LOSSES

In June 2016, FASB issued ASU No. 2016-12, Financial Instruments – Credit Losses (Topic 326), which requires entities to recognize credit losses on an expected loss model, which is referred to as the current expected credit loss (CECL) model. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including loan receivables, held-to-maturity debt securities, and reinsurance receivables. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor. The standard was effective for the Company for the year ended December 31, 2023. The Company does not own any assets which are impacted by the new standard for the year ended December 31, 2024.

EQUINE VOICES RESCUE AND SANCTUARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

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. 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 With Donor Restrictions

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, 2024 and 2023

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.

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. Contributions with donor restrictions that are satisfied in the same reporting period the contribution is received are reported as contributions without donor restrictions.

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, 2024.

EQUINE VOICES RESCUE AND SANCTUARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

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 \$2,453 and \$3,139 for the years ended December 31, 2024 and December 31, 2023, respectively.

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. Management believes that all tax positions the Organization has taken would be sustainable under audit by any taxing jurisdiction.

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 counsel 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 65% program services, 2% general and administrative, and 33% fundraising. This estimation is based on information provided by the organization's fundraising counsel regarding the content of mailings, and is based on the methodology of FASB ASC 958-720 regarding joint activities.

EQUINE VOICES RESCUE AND SANCTUARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

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

<u>Expense</u>	<u>Method of Allocation</u>
Occupancy	Square footage and usage
Depreciation, Vehicles Operations, Travel and Meals, Advertising and Promotion, and Website	Usage
Payroll, Benefits and Taxes, Volunteer expense,	Time and effort
Office Expenses, Bank and Credit Card Fees, Professional Fees, Insurance, Postage and Printing, Supplies, Telephone and Internet, and Other Expenses	Full time equivalent

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

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 equity 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Equities	\$ 237,606	\$ 210,177
Certificates of Deposit	348,333	634,605
Total Investments	\$ 585,939	\$ 844,782

The composition of the investment return reported in the statement of activities were as follows as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Dividends and interest	\$ 49,851	\$ 52,203
Realized/Unrealized Gains (Losses)	6,596	8,995
Net investment increase	\$ 56,448	\$ 61,198

EQUINE VOICES RESCUE AND SANCTUARY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Vehicles	\$ 167,574	\$ 134,975
Buildings and ranch improvements	917,604	911,615
Land	274,500	274,500
Equipment	<u>104,337</u>	<u>94,830</u>
	\$ 1,470,060	\$ 1,430,221
Less accumulated depreciation	<u>(481,794)</u>	<u>(420,113)</u>
Net property and equipment	\$ 982,221	\$ 1,004,507

Depreciation expense was \$61,681 and \$60,429 for the year ended December 31, 2024 and 2023, respectively.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions were restricted for the following purposes as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Horse trainer	\$ 11,621	\$ 11,621
Ranch expansion	27,734	27,734
Flatbed structure	8,000	-
Shade structures	2,659	2,659
Backhoe	-	36,000
Nick’s Legacy Fund – to provide funding for special animals’ need situations	21,996	17,916
	\$ 72,010	\$ 95,930

NOTE 6- LEASE AGREEMENTS; RELATED PARTY TRANSACTION

The entered into a one-year lease for its Tubac, Arizona thrift store at \$1,400 monthly though 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 2024.

Future minimum lease commitments, are as follows:

Years Ended

December 31, 2025	10,000
December 31, 2026	<u>10,000</u>
Total	\$ 20,000

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NOTE 7 – OTHER ASSETS

The Organization is the beneficiary of a fund held at Greater Green Valley Community Foundation (GGVCF) and has granted variance power over these funds. The funds were the product of transfers of funds from the Organization to GGVCF and are intended to function as endowment-style funds for the benefit of the Organization. Due to the nature of the fund agreement, the Organization expects to receive future cash flows from GGVCF as a result of the funds.

The terms of the fund’s agreements with GGVCF specify the GGVCF has ultimate authority and control over all property in the funds, and the income derived from them, subject to the distribution’s covenants of the fund agreements. The fund agreements specify that the Organization may request to dissolve the fund and have funds returned to the Organization, and that such request shall by not be unreasonably denied. The variance power specified in the fund agreement incorporate by reference the articles of incorporation and bylaws of GGVCF, which specify that the board of directors may exercise variance power and assign a new purpose to a fund, closely aligned to the originally donor intent, if the donor organization or stated purpose for a particular fund no longer exists.

While the underlying assets of the funds belong to GGVCF, the Organization has recorded a beneficial interest asset that represents the present value of the expected future cash flows from the fund. The Organization uses reports in receives from GGVCF of the fair market value of the assets held in the fund as an approximation of the fair market value of the beneficial interest.

NOTE 8 – LIQUIDITY

Financial assets as of 12-31-24	\$1,882,510
Less those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions:	
Subject to appropriation and satisfaction of donor restrictions	(72,010)
Financial assets available to meet cash needs for general expenditures within one year	\$1,810,500

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.

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NOTE 8 – LIQUIDITY (Continued)

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 fulfill 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.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through June 23, 2025, 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.