

Dreamchaser PMU Horse Rescue and Rehabilitation, Inc.

Financial Statements and Disclosures for the

Year-end December 31, 2021

**Don Wilson**  
**Certified Public Accountant**  
**712 Morgan Blvd, Suite 112**  
**Harlingen, Texas, 78550**  
**956-276-0901**

[don@wilson-cpa.com](mailto:don@wilson-cpa.com)

<http://wilson-cpa.com>

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of the Dreamchaser PMU Horse Rescue and Rehabilitation, Inc.  
Falcon, MO

**Opinion**

We have audited the accompanying financial statements of Dreamchaser PMU Horse Rescue and Rehabilitation, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, 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 Dreamchaser PMU Horse Rescue and Rehabilitation, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance 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. 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 Dreamchaser PMU Horse Rescue and Rehabilitation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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 Dreamchaser PMU Horse Rescue and Rehabilitation, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, 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 generally accepted auditing standards 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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Dreamchaser PMU Horse Rescue and Rehabilitation, Inc.

- Internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dreamchaser PMU Horse Rescue and Rehabilitation, Inc.

- Dreamchaser PMU Horse Rescue and Rehabilitation, Inc. 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 related matters that we identified during the audit.



Harlingen, Texas  
September 15, 2022

**Dreamchaser PMU Horse Rescue and Rehabilitation, Inc.**  
**Statement of Financial Position**  
**December 31, 2021**

**ASSETS**

Cash and cash equivalents	\$ 181,831
Prepaid expenses	\$ 13,685
Inventory	6,144
Long-term investments	407,629
Property and equipment, net	405,216
Total assets	<u>1,014,505</u>

**LIABILITIES**

Accounts payable	132,219
Accrued expenses	3,187
Total liabilities	<u>135,406</u>

**NET ASSETS**

Without donor restrictions	879,099
With donor restrictions	0
Total net assets	<u>879,099</u>

**TOTAL LIABILITIES and NET ASSETS**

\$ 1,014,505

The accompanying notes are an integral part of the financial statements

**Dreamchaser PMU Horse and Rehabilitation, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

	<i><u>Without Donor Restrictions</u></i>	<i><u>With Donor Restrictions</u></i>	<i><u>Total</u></i>
<b>Revenues, gains, and other support</b>			
Contributions	\$ 1,354,082	\$ -	\$ 1,354,082
Grants	160,223		160,223
Other revenues	31,020		31,020
Total support	<u>1,545,325</u>	<u>0</u>	<u>1,545,325</u>
<b>Expenses</b>			
Program support	737,088		737,088
Management and general	85,058		85,058
Fundraising	511,443		511,443
Total expenses	<u>1,333,589</u>	<u>0</u>	<u>1,333,589</u>
<b>Change in net assets</b>	211,736		211,736
With Donor Restrictions		0	0
Without Donor Restrictions	667,363		667,363
Net assets at end of year	<u>\$ 879,099</u>	<u>\$ -</u>	<u>\$ 879,099</u>

The accompanying notes are an integral part of the financial statements

**Dreamchaser PMU Horse and Rehabilitation, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2021**

**Cash flows from operations activities**

Change in net assets	\$ 261,867
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	62,956
(Increase) decrease in:	
Inventory	(2,055)
Prepaid expenses	(13,685)
Increase (decrease) in:	
Accounts payable	39,926
Other accrual liabilities	(177)

Net cash (used) provided by operating activities	<u>348,832</u>
--	----------------

**Cash flows from investing activities**

Purchases of property and equipment	(73,453)
-------------------------------------	----------

Net cash (used) provided by investing activities	<u>(73,453)</u>
--	-----------------

**Cash flows from financing activities**

Investments	<u>(247,763)</u>
-------------	------------------

Net cash (used) provided by financing activities	(247,763)
--	-----------

Net increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents	27,616
---	--------

Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	<u>154,215</u>
--	----------------

Cash, cash equivalents, restricted cash and restricted cash equivalents at end of year	<u>\$ 181,831</u>
--	-------------------

The accompanying notes are a integral part of the financial statements

**Dreamchaser PMU Rescue and Rehabilitation**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**

<b>Account</b>	<b>Program Support</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Totals</b>	<b>2,020 Comparison Totals</b>
Salaries and wages	\$ 97,424	\$ 70,470		167,894	121,864
Payroll taxes	8,631	6,249		14,880	10,930
Accounting services		4,200		4,200	3,850
Animal care				0	
Contract labor	32,109			32,109	31,570
Vet services	2,305			2,305	7,242
Medications	5,371			5,371	5,571
Farrier	10,570			10,570	12,795
Hay	24,276			24,276	29,436
Grain	14,639			14,639	16,840
Bedding	5,411			5,411	7,994
Waste removal	463			463	570
Horse rescue	8,490			8,490	3,450
Auto expenses	5,220			5,220	6,971
Bank charges		1,086		1,086	566
Contract services	3,982			3,982	7,658
Depreciation	61,924			61,924	46,441
Direct mail - postage, printing	335,906		394,429	730,335	742,436
Legal				0	
Insurance	11,908			11,908	11,313
Interest expense				0	
Mailing lists rental			19,114	19,114	16,777
Miscellaneous		2,448		2,448	3,186
Office expenses		605		605	0
Postage			1,372	1,372	1,036
Professional fundraising consultant			96,528	96,528	88,055
Rent	42,000			42,000	42,000
Repairs and maintenance	37,014			37,014	31,470
Supplies	15,827			15,827	
Telephone	4,976			4,976	5,223
Utilities	8,642			8,642	5,800
	<b>\$ 737,088</b>	<b>\$ 85,058</b>	<b>\$ 511,443</b>	<b>\$ 1,333,589</b>	<b>\$ 1,261,044</b>

The notes are an integral part of the financial statements

**DREAMCHASER PMU HORSE RESCUE & REHABILITATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**Note 1 - Nature of the Organization**

The organization rescues horses and other farm animals from slaughter, feedlots, abuse, abandonment and neglect for the purpose of rehabilitation and adopting the animals into qualified homes. Sanctuary animals are used to educate public about the needless slaughters, having rescued over 110 horse and other farm animals.

The Organization receives its funds primarily through contributions from the general public through donations and by using direct mailing campaigns.

**Note 2 - 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. The significant accounting and reporting policies used by the organization are describe subsequently to enhance the usefulness and understandability of the financial statements.

*Basis of Accounting*

The organization prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

*Use of estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based 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.

*Net Assets*

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follow:

*Net Assets Without Donor Restrictions*

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

*Net Assets with Donor Restrictions*

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.



**DREAMCHASER PMU HORSE RESCUE & REHABILITATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

The organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly the contributions of those directly) are reported as net assets with donor restrictions until donor restrictions until the specified asset is placed in service by the organization unless the donor provides more specific directions about the period of its use.

*Classification of Transactions*

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular use or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowments investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

*Cash and Cash Equivalents*

Cash equivalents are short-term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. The organization maintains cash balances at financial institutions. Deposit accounts at the bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account.

*Accounts Receivable*

Accounts receivable are primarily unsecured non-interest-bearing amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding accounts receivables are collectible in full, therefore no allowance for uncollectible receivables has been provided.

*Short-Term Investments*

The organization invests cash in excess of its immediate needs in money market funds or US Government and Government Agency issues. Short-term investments are reported at fair value.

*Contributions Receivable*

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported a net realizable value. Contributions receivable that are expected to be collected in more than one year are reported at fair value at the date of the promise. The fair value is computed using a present value technique applied to cash flow. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

**DREAMCHASER PMU HORSE RESCUE & REHABILITATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

*Land, Buildings, and Equipment*

Land, buildings and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$2,500 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life are expenses as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful life of the assets, as follows:

Building and improvements	40 years
Leasehold improvements	20 years, or remaining lease term, if shorter
Furniture and equipment	5 – 10 years
Equipment used under a Capital lease	5 - 7 years

Land, buildings and equipment are reviewed for impairment when a significant change in the asset use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

*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 use of the contributed assets is specifically restricted by the donor. 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. Unconditional promises with payment 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 payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grant, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

*Gifts-in-Kind Contributions*

The organization receives contributions in a form other than cash or investments. Most are donated supplies, which are recorded as contributions at the date of gift and as expenses when the donated items are placed in service or distributed. If the organization receives a contribution of land, buildings 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 use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use.

The organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the organization's program operations and its fund-raising campaigns. However, the majority of the contributed services to do not

**DREAMCHASER PMU HORSE RESCUE & REHABILITATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

*Grant Revenue*

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants.

*Expense Recognition and Allocation*

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in the future years. Joint costs have been allocated between fundraising, programs and general and administrative in accordance with standards for accounting for costs of activities that include fundraising.

Additional, advertising costs are expensed as incurred.

*Tax Status*

The organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC) though it would be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRS. The organization is classified as a private foundation.

*Change in Accounting Principles*

The organization implemented FASB ASU No. 2016-14 and applied the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net asset without donor restrictions.
- The format of the statement of cash flows has changed to the direct method of reporting of cash flows from operations, which we believe to be more understandable for the users of our financial statements.
- The financial statements include a disclosure about liquidity and availability of resources

**DREAMCHASER PMU HORSE RESCUE & REHABILITATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**Note 3. Liquidity and Availability**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, for the years of December 31, 2020, and 2019, are:

Financial assets	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$181,831	\$154,215
Investments	<u>407,629</u>	<u>159,866</u>
Total financial assets	<u>\$589,460</u>	<u>\$314,081</u>

Amount available for general expenditures within one year \$

**Note 4. Fair Value Measurements and Investments**

The organization reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. The hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurements within fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of input used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets in markets that are not active;
  - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
  -
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the organization is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

The primary use of fair value measures in the organization's financial statements are

- Initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- Recurring measurement of short-term investments (listed below)
- Recurring measurement of endowment and long-term investment.
- Recurring measurement of beneficial interest in trusts.

**DREAMCHASER PMU HORSE RESCUE & REHABILITATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

Investments consist of the following at December 31, 2021:

Short-term Investments:

Cash and Cash Alternatives	<u>\$94,816</u>
Total Short-term investments	<u>\$94,816</u>

Long-term Investments:

Stocks	<u>312,813</u>
Total Long-term investments	<u>\$ 312,813</u>

Total Investments	<u>\$407,629</u>
-------------------	------------------

**Note 5 – Concentration of Risk**

The Organization maintains its cash in a local financial institution. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 each. All deposits are fully insured. The Organization has not experienced any loss in such accounts.

**Note 6 -- Capital Assets**

A summary of the capital asset activity for the year ended December 31, 2021, is as follows:

Buildings	\$249,731
Farm equipment	230,168
Fencing	46,175
Vehicles	94,301
Computer software	2,748
Accumulated depreciation	<u>(217,907)</u>
Total, net	<u>\$ 405,216</u>

**Note 7 – Allocation of Joint Costs**

The organization has allocated the joint costs of providing educational materials and activities that include a fund-raising appeal. Because only those activities that include both programmatic and fund-raising components are included in this allocation, the amounts that follow do not include all the expenses presented in the statement of functional expenses. This allocation is based upon the percentage of material in each mailing related to the particular as determined by content analysis. Total

costs for mailing pieces that requested financial support and served other program or management functions were allocated as follows for the year ended December 31, 2020:

Programs	\$737,088
Fundraising	<u>511,443</u>
	<u>\$1,248,531</u>

**DREAMCHASER PMU HORSE RESCUE & REHABILITATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**Note 8 – Subsequent Event**

Management has evaluated subsequent events through September 15, 2022, the date the financial statements were available to be issued.