

FRONT RANGE EQUINE RESCUE

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Front Range Equine Rescue  
Larkspur, Colorado 80118

We have audited the accompanying statement of financial position of Front Range Equine Rescue (a Colorado nonprofit corporation) as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Front Range Equine Rescue's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Front Range Equine Rescue as of December 31, 2010 and the results of its activities and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Speed & Company CPAs PLLC*  
SPEED & COMPANY CPAs PLLC  
Colorado Springs, CO

March 14, 2011

FRONT RANGE EQUINE RESCUE

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2010

ASSETS

Cash.....	\$ 576,771
Short-Term Investments.....	58,284
Property and Equipment, Net of Depreciation.....	<u>1,845,887</u>
TOTAL ASSETS.....	<u>\$ 2,480,942</u>

LIABILITIES AND NET ASSETS

Payroll Taxes Payable.....	2,089
Real Estate Taxes Payable.....	5,853
Rent Deposits.....	<u>575</u>
TOTAL LIABILITIES.....	8,517

NET ASSETS

Temporary Restricted.....	26,252
Unrestricted.....	<u>2,446,173</u>
TOTAL LIABILITIES AND NET ASSETS.....	<u>\$ 2,480,942</u>

See notes to the financial statements.

FRONT RANGE EQUINE RESCUE

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2010

PUBLIC SUPPORT

Contributions-Unrestricted.....	\$ 143,331
Direct Mail Contributions-Unrestricted.....	1,763,931
Contributions-Restricted.....	40,000
Grants.....	90,250
Program Fees.....	<u>18,013</u>

TOTAL PUBLIC SUPPORT..... 2,055,525

REVENUES AND OTHER INCOME

Interest and Dividend Income.....	568
Rental Income.....	2,275
Other Income.....	44,764
Unrealized Gain on Investments.....	<u>4,897</u>

TOTAL PUBLIC SUPPORT AND REVENUE..... 2,108,029

EXPENSES

Program Services..... 1,374,908

Supporting services

Management and General.....	86,559
Funds Development.....	<u>124,304</u>

TOTAL EXPENSES..... 1,585,771

CHANGE IN NET ASSETS..... 522,258

NET ASSETS, BEGINNING OF YEAR..... 1,950,167

NET ASSETS, END OF YEAR..... \$ 2,472,450

See notes to the financial statements.

FRONT RANGE EQUINE RESCUE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets.....	\$ 522,258
Adjustments to reconcile change in Net Assets to Net cash Provided (Used) in Operating Activities	
Depreciation and Amortization.....	31,043
Change in Assets and Liabilities:	
Investments.....	(40,036)
Rent Deposits.....	(575)
Taxes Payable.....	3,375
Payroll Taxes Payable.....	<u>735</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	516,800
CASH FLOWS (USED) BY INVESTING ACTIVITIES:	
Acquisition of Property & Equipment.....	<u>(463,336)</u>
NET CASH (USED) BY INVESTING ACTIVITIES.....	(463,336)
NET INCREASE (DECREASE) IN CASH.....	53,464
Cash at Beginning of Year.....	<u>523,307</u>
CASH AT END OF YEAR.....	<u>\$ 576,771</u>

See notes to the financial statements.

FRONT RANGE EQUINE RESCUE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Front Range Equine Rescue is a 501(c)3 non-profit organization working to prevent the abuse and neglect of horses through rescue and education.

Basis of Presentation

Information regarding financial position and activities is reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The net assets of Front Range Equine Rescue are reported separately by class:

Unrestricted net assets.....	\$ 2,446,198
Temporarily restricted net assets.....	26,252
Permanently restricted net assets.....	<u>-0-</u>
Total net assets.....	<u>\$ 2,472,450</u>

Financial Instruments and Credit Risk Concentration

Financial instruments, which potentially subject Front Range Equine Rescue to concentrations of credit risk, consist primarily of cash and short-term investments. Front Range Equine Rescue's investment policy is intended to limit its exposure to credit risk. Front Range Equine Rescue places its cash and short-term investments in securities backed by the United States Government and in instruments issued by quality institutions.

Short-Term Investments

Short-Term Investments are carried at fair value. Net realized and unrealized gains and losses on investments are included in the statement of activities.

FRONT RANGE EQUINE RESCUE

NOTES TO FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

Income Taxes

Front Range Equine Rescue is a non-profit organization as defined by Section 501(c)3 of the Internal Revenue Code and as such, is subject to federal income taxes on unrelated business income. Front Range Equine Rescue had no unrelated business income during the year 2010.

Donated Services

Volunteers have donated significant amounts of time assisting the organization in achieving its goals and in supporting various program activities. The financial statements do not reflect the value of these donated services as no objective basis is available to measure their value.

Functional Allocation of Expenses

The costs of supporting Front Range Equine Rescue's programs and activities have been summarized on a functional basis in the statement of activities. Costs are allocated based on the best available estimate of percentage of each cost element applicable to each functional area.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies 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.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided for on the straight-line method over estimated useful lives the property. Property and equipment are capitalized at either purchase cost or the fair value of donated property.

FRONT RANGE EQUINE RESCUE

NOTES TO FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2010 consist of the following:

Cash in banks..... \$ 576,771

NOTE 3 - SHORT TERM INVESTMENTS

Short-Term Investments at December 31, 2010 consist of the following:

Investment in listed securities at fair market value \$ 58,284

Fair values for short term investments are determined by for reference to quoted market prices and other relevant information generated by market transactions (Level 1).

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2010 consist of:

Buildings and Improvements.....	\$1,318,039
Land.....	610,000
Equipment.....	<u>92,035</u>
	2,020,074
Less: Accumulated depreciation.....	<u>( 174,187)</u>
Total.....	<u>\$1,845,887</u>

NOTE 5 - FUND RAISING ACTIVITIES

Front Range Equine Rescue began a significant direct mail fund raising program in July 2003. A fund raising consulting group was contracted with to provide advice, counsel and mailing services.

NOTE 6 - NOTES PAYABLE

The organization had no long term debt as of December 31, 2010.

FRONT RANGE EQUINE RESCUE

NOTES TO FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 7 - RELATED PARTY TRANSACTIONS

The organization did not observe any related party transactions during 2010.

NOTE 8 - Leases

Front Range Equine Rescue leases a single family residence that is built as part of a barn located on the Spring Valley Road property. The organization currently maintains a twelve month lease arrangement with tenants that started in September 2010. The tenants that occupied the single family residence vacated the home at the end of February 2011. The residence is currently vacant. The terms of the agreement provide for twelve monthly payments of \$575.

Future rent payments to be received are as follows:

2010	\$ 2,275
2011	4,625
Total	<u>\$ 6,900</u>

NOTE 9 SUBSEQUENT EVENTS

There were no subsequent events to report.