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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Horsepower Sanctuaries, Inc.  
dba Redwings Horse Sanctuary

We have audited the accompanying financial statements of Horsepower Sanctuaries, Inc. dba Redwings Horse Sanctuary (a nonprofit organization), which comprise the statement of financial position as of May 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Horsepower Sanctuaries, Inc. dba Redwings Horse Sanctuary as of May 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matter**

The May 31, 2017 financial statements were audited by other accountants, and they expressed an unmodified opinion on them in their reported dated February 16, 2018.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Williams Adams & Company, CPAs*

**WILLIAMS ADAMS & COMPANY, CPAs**

January 11, 2019  
Bakersfield, CA

**HORSEPOWER SANCTUARIES, INC.**  
**dba REDWINGS HORSE SANCTUARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**May 31, 2018 and 2017**

	2018	2017
<b>CURRENT ASSETS</b>		
Cash	\$ 1,758,102	\$ 1,748,951
Cash in escrow	31,772	24,020
Donations receivable	460,841	75,298
Investments	1,451,813	526,966
Inventory	984	822
Prepaid expenses	753	402
Construction in progress	172,693	147,446
<b>TOTAL CURRENT ASSETS</b>	3,876,958	2,523,905
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Land	1,105,346	1,105,346
Land improvements	220,003	220,003
Vehicles	84,011	63,834
Leasehold improvements	63,461	63,461
Barns	56,668	56,668
Machinery and equipment	41,621	48,457
Office furniture and equipment	10,088	9,544
	1,581,198	1,567,313
Less accumulated depreciation	372,019	370,650
<b>TOTAL PROPERTY AND EQUIPMENT, net</b>	1,209,179	1,196,663
<b>OTHER ASSETS</b>		
Beneficial interest in charitable trust held by others	267,980	285,952
<b>TOTAL OTHER ASSETS</b>	267,980	285,952
<b>TOTAL ASSETS</b>	\$ 5,354,117	\$ 4,006,520

	<u>2018</u>	<u>2017</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 54,708	\$ 37,970
Accrued payroll	13,665	10,822
Accrued expenses	15,020	4,454
Retirement contribution payable	<u>7,200</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	90,593	53,246
TOTAL LIABILITIES	<u>90,593</u>	<u>53,246</u>
NET ASSETS		
Unrestricted	<u>5,263,524</u>	<u>3,953,274</u>
TOTAL NET ASSETS	<u>5,263,524</u>	<u>3,953,274</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,354,117</u>	<u>\$ 4,006,520</u>

See accompanying notes and Independent Auditor's Report

**HORSEPOWER SANCTUARIES, INC.**  
**dba REDWINGS HORSE SANCTUARY**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended May 31, 2018 and 2017**

	Unrestricted	Temporarily Restricted	Total
<b>Year Ended May 31, 2018</b>			
<b>REVENUE</b>			
Program revenue			
Donations	\$ 2,470,313	-	\$ 2,470,313
Grants	42,045	-	42,045
Sponsorships	3,105	-	3,105
In-kind donations	2,680	-	2,680
Special events, net	3,529	-	3,529
Total program revenue	2,521,672	-	2,521,672
Other revenue			
Interest and dividends	17,928	-	17,928
Unrealized gain (loss) on investments	(28,931)	-	(28,931)
Investment (expenses)	(5,043)	-	(5,043)
Gain (loss) on disposal of assets	(172)	-	(172)
Miscellaneous income	7,044	-	7,044
Total other revenue	(9,174)	-	(9,174)
<b>TOTAL REVENUE</b>	<b>2,512,498</b>	<b>-</b>	<b>2,512,498</b>
<b>EXPENSES</b>			
Program expenses	442,846	-	442,846
Management and general expenses	262,315	-	262,315
Fundraising expenses	497,087	-	497,087
<b>TOTAL EXPENSES</b>	<b>1,202,248</b>	<b>-</b>	<b>1,202,248</b>
<b>TOTAL INCREASE IN NET ASSETS</b>	<b>1,310,250</b>	<b>-</b>	<b>1,310,250</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,953,274</b>	<b>-</b>	<b>3,953,274</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 5,263,524</b>	<b>\$ -</b>	<b>\$ 5,263,524</b>

See accompanying notes and Independent Auditor's Report

**HORSEPOWER SANCTUARIES, INC.**  
**dba REDWINGS HORSE SANCTUARY**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended May 31, 2018 and 2017**

	Unrestricted	Temporarily Restricted	Total
<b>Year Ended May 31, 2017</b>			
<b>REVENUE</b>			
Program revenue			
Donations	\$ 989,403	-	\$ 989,403
Grants	39,000	-	39,000
Sponsorships	2,570	-	2,570
In-kind donations	450	-	450
Special events, net	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenue	1,031,423	-	1,031,423
Other revenue			
Interest and dividends	24,848	-	24,848
Unrealized gain (loss) on investments	29,265	-	29,265
Investment (expenses)	-	-	-
Gain (loss) on disposal of assets	450	-	450
Miscellaneous income	<u>17,456</u>	<u>-</u>	<u>17,456</u>
Total other revenue	72,019	-	72,019
<b>TOTAL REVENUE</b>	<b>1,103,442</b>	<b>-</b>	<b>1,103,442</b>
<b>EXPENSES</b>			
Program expenses	510,036	-	510,036
Management and general expenses	203,712	-	203,712
Fundraising expenses	<u>362,135</u>	<u>-</u>	<u>362,135</u>
<b>TOTAL EXPENSES</b>	<b><u>1,075,883</u></b>	<b>-</b>	<b><u>1,075,883</u></b>
<b>TOTAL INCREASE IN NET ASSETS</b>	<b>27,559</b>	<b>-</b>	<b>27,559</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b><u>3,925,715</u></b>	<b>-</b>	<b><u>3,925,715</u></b>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 3,953,274</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,953,274</u></b>

See accompanying notes and Independent Auditor's Report

**HORSEPOWER SANCTUARIES, INC.**  
**dba REDWINGS HORSE SANCTUARY**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended May 31, 2018 and 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in unrestricted net assets	\$ 1,310,250	\$ 27,559
Adjustments to reconcile net assets to net cash provided (used) by operating activities:		
Donations of investments – noncash	-	(5,133)
Donations of property and equipment – noncash	(1,600)	-
Depreciation expense	24,702	19,845
Unrealized (gain) loss on investments	28,931	(29,265)
(Gain) loss on disposal of assets	172	-
(Increase) decrease in:		
Cash in escrow	(7,752)	10,998
Donations receivable	(385,543)	(74,805)
Inventory	(162)	1,284
Prepaid expenses	(351)	1,892
Construction in progress	(25,247)	(147,446)
Increase (decrease) in:		
Accounts payable	16,738	17,165
Accrued payroll	2,843	4,007
Accrued expenses	10,566	(6,600)
Retirement contribution payable	7,200	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>980,747</b>	<b>(180,499)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	-	19,624
Purchase of investments	(935,200)	(18,942)
Purchase of property and equipment	(36,396)	(27,680)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(971,596)</b>	<b>(26,998)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>9,151</b>	<b>(207,497)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>1,748,951</b>	<b>1,956,448</b>
<b>CASH, END OF YEAR</b>	<b>\$ 1,758,102</b>	<b>\$ 1,748,951</b>

See accompanying notes and Independent Auditor's Report

**HORSEPOWER SANCTUARIES, INC.**  
**dba REDWINGS HORSE SANCTUARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2018 and 2017**

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**NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Horsepower Sanctuaries, Inc. dba Redwings Horse Sanctuary (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Nature of Organization**

The entity is a not-for-profit organization whose mission is to rescue equines (horses, ponies, donkeys, mules, and burros) from senseless slaughter. The Organization achieves its goals through education of the public, foster care, and providing a permanent sanctuary. The Organization operates a facility on 160 acres located in Lockwood, CA. In 2016, the Organization purchased land in Paso Robles, CA and is in the process of preparing the property to relocate all sanctuary operations.

**Accounting Method**

The financial statements are prepared on the accrual basis of accounting.

**Financial Statement Presentation**

The Organization follows the Not-For-Profit Entities topic of the FASB Accounting Standards Codification with respect to financial statement presentation. Under this topic, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Cash and Cash Equivalents**

The Organization holds cash in an escrow account per an agreement with a third-party direct mail company.

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Donations Receivable**

Donations receivable represent donations that have been designated to the Organization through trusts and/or wills but not received by year end.

**Inventory**

Inventory is stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is determined using estimated selling prices in the ordinary course of business, less any reasonably predictable costs of disposal.



**HORSEPOWER SANCTUARIES, INC.**  
**dba REDWINGS HORSE SANCTUARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2018 and 2017**

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**NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Organization has implemented *FASB Update 2015-11*, which requires that inventory be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The Organization has applied the change in accounting principal retrospectively.

**Property and Equipment**

Property and equipment purchased are carried at cost. Donated property and equipment are recorded at fair value at the date of donation. Depreciation of property and equipment is computed using the straight-line method. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized at cost. Expenditures for maintenance and repairs are charged to expense as incurred.

Rates for depreciation are based on the following estimated useful lives:

	<u>Years</u>
Land improvements	5 - 15
Vehicles	5 - 10
Leasehold improvements	5 - 10
Barns	10
Machinery and equipment	5 - 10
Office furniture and equipment	5 - 7

**Income Taxes**

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income tax.

*FASB Interpretation No. 48* requires management to evaluate the uncertainty of tax positions taken and the likelihood that those positions would be upheld upon examination. Although management believes it does not maintain any uncertain tax positions, tax returns remain subject to examination by the Internal Revenue Service for fiscal years ending on or after May 31, 2015 and by the California Franchise Tax Board for fiscal years ending on or after May 31, 2014.

It is the policy of the Company to consistently classify interest and penalties associated with income tax expense separately from the provision for income taxes.

**Contributions**

Contributions are recognized as revenues when received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-imposed restricted contributions are reported as an increase in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**HORSEPOWER SANCTUARIES, INC.**  
**dba REDWINGS HORSE SANCTUARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2018 and 2017**

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**NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Property, Materials, and Services**

Donated land, property, materials, equipment, and use of facilities are recorded at fair value at the date of donation.

A substantial number of volunteers donate significant amounts of time to the Organization's programs and fundraising efforts held throughout the year. The Board of Directors also volunteer their time spent at quarterly board meetings. However, there is no objective basis for measuring the value of volunteer hours provided during the year. As such, the financial statements do not include a provision to recognize the value of services provided by volunteers.

**Functional Allocation of Expenses**

The Organization's program, administrative, and fundraising expenses are reported on a functional basis. Expenses incurred for the Organization's programs are charged directly to the applicable program if able to be identified. Program expenses not directly chargeable to a program are allocated on the basis of time records and utilization estimates made by Management. Administrative expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization. Expenses incurred for the Organization's fundraising are charged directly to fundraising expense.

**Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions could affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Credit Risk**

The Organization maintains its cash in bank deposit accounts at high credit quality institutions. The balances, at times, may exceed federally insured limits.

**Fair Value Measurements**

The Organization holds investments that consist of mutual funds, equities, and a real estate investment trust (REIT). All investments are initially recorded at acquisition cost if purchased or at fair value if donated.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under *FASB ASC 820 Fair Value Measurements* are described as follows:

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**HORSEPOWER SANCTUARIES, INC.**  
**dba REDWINGS HORSE SANCTUARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2018 and 2017**

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**NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Level 2:* Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation of other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value:

*Mutual Funds:* Valued at the closing price reported on the active market on which the individual securities are traded using Level 1 inputs.

*Equities (Beneficial Interest in Charitable Remainder Trust):* Valued at the closing price reported on the active market on which the individual securities are traded using Level 1 inputs.

*REIT:* Valued using inputs derived by observable market data.

Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as an increase or decrease in unrestricted net assets unless the income or loss is restricted by the donor or law.

**Concentrations**

The Organization's operations are concentrated in the California Central Coast and surrounding areas and are subject to fluctuations in the local economy.

**Advertising Expense**

Advertising costs are for non-direct response advertising only and are expensed as incurred.

**NOTE B — INVENTORY**

Inventory consists of merchandise utilized by the Organization's third-party direct mail campaign. The amounts on hand at May 31, 2018 and 2017 were \$984 and \$822, respectively.

**HORSEPOWER SANCTUARIES, INC.**  
**dba REDWINGS HORSE SANCTUARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2018 and 2017**

**NOTE C — INVESTMENTS**

Investments were held as follows:

	2018	2017
Investments measured at fair value:		
Mutual funds	\$ 1,428,743	\$ 502,794
Equities (beneficial interest in charitable remainder trust)	267,980	285,952
REIT	23,070	24,172
	\$ 1,719,793	\$ 812,918

The following tables set forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of May 31, 2018 and 2017:

Assets at Fair Value as of May 31, 2018:

	Level 1	Level 2	Total
Investments:			
Mutual funds	\$ 1,428,743	\$ -	\$ 1,428,743
Equities (beneficial interest in charitable remainder trust)	267,980	-	267,980
REIT	-	23,070	23,070
Total	\$ 1,696,723	\$ 23,070	\$ 1,719,793

Assets at Fair Value as of May 31, 2017:

	Level 1	Level 2	Total
Investments:			
Mutual funds	\$ 502,794	\$ -	\$ 502,794
Equities (beneficial interest in charitable remainder trust)	285,952	-	285,952
REIT	-	24,172	24,172
Total	\$ 788,746	\$ 24,172	\$ 812,918

**NOTE D — DIRECT MAIL CAMPAIGN**

The Organization utilizes the services of a third-party company to solicit donations and educate the public using a direct mailing technique. Letters are composed by the third-party company and then distributed to individuals on purchased mailing lists. Since the goals of the direct mail campaign are both fundraising and educational in nature, the costs of conducting these campaigns are considered joint costs that are not directly attributable to either the program or the fundraising component of the activities. The contributions received have been recorded as donations in the statements of activities and joint costs have been allocated in the schedules of functional expenses.

**HORSEPOWER SANCTUARIES, INC.**  
**dba REDWINGS HORSE SANCTUARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2018 and 2017**

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**NOTE D — DIRECT MAIL CAMPAIGN (CONTINUED)**

The income and expense attributable to the direct mail campaign for the years ended May 31, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Contributions and list royalty income	\$ 657,827	\$ 551,949
Direct mail campaign expenses	<u>437,842</u>	<u>332,846</u>
Net contributions received	<u>\$ 219,985</u>	<u>\$ 219,103</u>

**NOTE E — OPERATING LEASES**

The Organization leases a ranch facility from an honorary board member in Lockwood, CA. The ranch facility is rented under an operating lease which expires on September 30, 2020. In 2018 and 2017, rent expense was \$30,000 and \$30,000, respectively.

Future minimum lease payments under operating leases at May 31, 2018 were as follows:

<u>Year Ended May 31,</u>	
2019	\$ 30,000
2020	30,000
2021	<u>10,000</u>
	<u>\$ 70,000</u>

**NOTE F — RETIREMENT CONTRIBUTIONS**

The Organization makes retirement contributions for employees who meet certain eligibility requirements. Per the agreements, employees may also make elective contributions up to the maximum amount allowed by the Internal Revenue Code. The contribution made by the Organization was \$10,000 for the year ended May 31, 2018 and \$6,800 for the year ended May 31, 2017.

**NOTE G — CONCENTRATIONS**

Donations from two donors accounted for 100% of donations receivable at May 31, 2018. Donations from one donor accounted for approximately 99% of donations receivable at May 31, 2017.

In 2018, approximately 49% of the Organization's total donations were received from two donors. In 2017, approximately 28% of the Organization's total donations were received from one donor.

**HORSEPOWER SANCTUARIES, INC.**  
**dba REDWINGS HORSE SANCTUARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2018 and 2017**

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**NOTE H — RECLASSIFICATIONS**

Certain 2017 amounts have been reclassified to conform to 2018 classifications. Such reclassifications had no effect on reported net assets.

**NOTE I — CONTINGENCIES**

At May 31, 2018, the Organization was involved in pending litigation alleging wrongful termination, disability discrimination and harassment, and failure to engage in the interactive process. An accrual for a loss contingency has not been included in the financial statements. As of the date the financial statements were available to be issued, the Organization and its legal counsel are unable to determine the potential effect on the financial statements. However, any potential loss amount incurred due to the pending litigation will be covered by the Organization's insurance.

**NOTE J — SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through January 11, 2019, the date which the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**HORSEPOWER SANCTUARIES, INC.**  
**dba REDWINGS HORSE SANCTUARY**  
**SCHEDULES OF FUNCTIONAL EXPENSES**  
**May 31, 2018 and 2017**

	Program Expenses	Management and General Expenses	Fundraising Expenses	Total
<b>May 31, 2018</b>				
Salaries and wages	\$ 196,684	\$ 71,082	\$ 35,525	\$ 303,291
Printing	-	-	153,319	153,319
Postage and bulk mail	-	1,726	142,248	143,974
Rescued equine care	141,905	-	-	141,905
Professional services	-	35,009	101,335	136,344
Computer expenses	48	6,311	27,418	33,777
Insurance	-	31,889	-	31,889
Payroll taxes	-	31,404	-	31,404
Rent	30,000	-	-	30,000
Public relations and marketing	7,505	-	21,296	28,801
Repairs and maintenance	24,183	883	-	25,066
Depreciation expense	24,702	-	-	24,702
Fuel and mileage expense	8,067	14,676	-	22,743
Workers' compensation insurance	-	21,707	-	21,707
Advertising	3,236	-	13,567	16,803
Retirement contribution	-	10,000	-	10,000
Utilities	-	9,208	-	9,208
Office supplies and expenses	-	6,506	2,379	8,885
Taxes and licenses	-	6,794	-	6,794
Ranch supplies	6,516	-	-	6,516
Waste disposal	-	6,223	-	6,223
Telephone expense	-	4,711	-	4,711
Bank charges	-	2,756	-	2,756
Dues and subscriptions	-	1,430	-	1,430
Vehicle expenses	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 442,846</b>	<b>\$ 262,315</b>	<b>\$ 497,087</b>	<b>\$ 1,202,248</b>

See independent auditor's report



**HORSEPOWER SANCTUARIES, INC.**  
**dba REDWINGS HORSE SANCTUARY**  
**SCHEDULES OF FUNCTIONAL EXPENSES**  
**May 31, 2018 and 2017**

	Program Expenses	Management and General Expenses	Fundraising Expenses	Total
<b>May 31, 2017</b>				
Salaries and wages	\$ 192,202	\$ 75,927	\$ -	\$ 268,129
Printing	9,677	2,496	89,510	101,683
Postage and bulk mail	4,681	909	134,577	140,167
Rescued equine care	109,609	-	-	109,609
Professional services	368	25,662	44,417	70,447
Computer expenses	1,445	208	71,028	72,681
Insurance	18,040	1,645	-	19,685
Payroll taxes	-	34,330	-	34,330
Rent	30,000	6,128	-	36,128
Public relations and marketing	34,424	406	22,540	57,370
Repairs and maintenance	39,181	1,620	-	40,801
Depreciation expense	19,845	-	-	19,845
Fuel and mileage expense	6,199	14,719	-	20,918
Workers' compensation insurance	-	20,238	-	20,238
Advertising	2,631	439	63	3,133
Retirement contribution	-	6,800	-	6,800
Utilities	9,245	-	-	9,245
Office supplies and expenses	3,286	1,240	-	4,526
Taxes and licenses	-	2,149	-	2,149
Ranch supplies	4,262	-	-	4,262
Waste disposal	4,830	-	-	4,830
Telephone expense	-	4,854	-	4,854
Bank charges	-	1,806	-	1,806
Dues and subscriptions	4,610	1,883	-	6,493
Vehicle expenses	15,501	253	-	15,754
<b>TOTAL EXPENSES</b>	<b>\$ 510,036</b>	<b>\$ 203,712</b>	<b>\$ 362,135</b>	<b>\$ 1,075,883</b>

See independent auditor's report

**HORSEPOWER SANCTUARIES, INC.  
dba REDWINGS HORSE SANCTUARY**

**AUDITED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Years Ended May 31, 2018 and 2017**

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