

LIFESAVERS, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

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LIFESAVERS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash	\$ 1,234,350	\$ 800,321
Accounts receivable	222	-0-
Inventory	30,141	37,685
Prepaid expenses	<u>19,650</u>	<u>12,817</u>
 Total Current Assets	 <u>1,284,363</u>	 <u>850,823</u>
 PROPERTY, PLANT AND EQUIPMENT		
Land	2,361,320	2,341,433
Buildings and improvements	1,696,011	1,657,735
Fencing and corrals	770,279	718,980
Machinery and equipment	295,426	258,728
Vehicles and similar equipment	219,658	210,171
Horse equipment	51,990	51,990
Furniture and fixtures	20,027	18,628
Office equipment	14,034	10,721
Accumulated depreciation	<u>(1,690,095)</u>	<u>(1,554,382)</u>
 Total Plant and Equipment	 <u>3,738,650</u>	 <u>3,714,004</u>
 Total Assets	 <u>\$ 5,023,013</u>	 <u>\$ 4,564,827</u>

LIFESAVERS, INC.
STATEMENTS OF FINANCIAL POSITION - continued
June 30, 2021 and 2020

LIABILITIES AND NET ASSETS

	2021	2020
CURRENT LIABILITIES		
Notes payable - current portion	\$ 94,039	\$ 35,826
Accounts payable	68,850	38,490
Accrued payroll	4,489	3,556
Accrued vacation	3,609	3,441
Payroll taxes and related liabilities payable	366	274
Sales tax payable	<u>901</u>	<u>2,452</u>
 Total Current Liabilities	 <u>172,254</u>	 <u>84,039</u>
 LONG TERM LIABILITIES		
Notes payable	<u>230,459</u>	<u>203,674</u>
 Total Long Term Liabilities	 <u>230,459</u>	 <u>203,674</u>
 Total Liabilities	 <u>402,713</u>	 <u>287,713</u>
 NET ASSETS		
Net assets without donor restrictions	<u>4,620,300</u>	<u>4,277,114</u>
 Total Net Assets	 <u>4,620,300</u>	 <u>4,277,114</u>
 Total Liabilities and Net Assets	 <u>\$ 5,023,013</u>	 <u>\$ 4,564,827</u>

LIFESAVERS, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2021 and 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and Revenue without Donor Restrictions		
Merchandise sales	\$ 48,383	\$ 53,079
In-kind donations of goods	10,061	6,858
Less: cost of merchandise sales	<u>(38,950)</u>	<u>(26,537)</u>
Net merchandise sales	19,494	33,400
Contributions - direct mailing	1,173,242	896,530
Contributions, grants and bequests	1,226,789	1,034,103
Program revenues	41,300	3,800
(Loss) Gain on sale of fixed assets	(4,904)	1,500
Miscellaneous	<u>12,577</u>	<u>14,484</u>
Total Support, Revenue and Other Support Without Donor Restrictions	<u>2,468,498</u>	<u>1,983,817</u>
EXPENSES AND LOSSES		
Program services	1,426,959	1,521,646
Support services		
Management and general	166,244	174,522
Fundraising	<u>532,109</u>	<u>315,637</u>
Total Expenses	2,125,312	2,011,805
Increase in Net Assets	343,186	(27,988)
Net Assets - beginning	<u>4,277,114</u>	<u>4,305,102</u>
Net Assets - ending	<u>\$ 4,620,300</u>	<u>\$ 4,277,114</u>

LIFESAVERS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2021 and 2020

	2021				2020			
	Support Services			Total	Support Services			Total
	Program Services	Management & General	Fundraising		Program Services	Management & General	Fundraising	
Officer salary	\$ 36,750	\$ 36,750	\$ 1,500	\$ 75,000	\$ 34,277	\$ 34,277	\$ 1,400	\$ 69,954
Other salaries and wages	267,803	66,780	7,420	342,003	266,343	64,937	7,215	338,495
Employee benefits	162,288	9,794	844	172,926	168,523	8,878	771	178,172
Total Salaries and Related Costs	466,841	113,324	9,764	589,929	469,143	108,092	9,386	586,621
Direct mail expense	136,213	5,267	519,125	660,605	183,550	3,344	302,322	489,216
Feed	376,129	-0-	-0-	376,129	466,510	-0-	-0-	466,510
Rescue expenses	104,383	-0-	-0-	104,383	47,840	-0-	-0-	47,840
Depreciation	121,183	14,623	597	136,403	131,817	16,814	686	149,317
Veterinarian expenses	14,681	-0-	-0-	14,681	15,076	-0-	-0-	15,076
Horse transportation	6,400	-0-	-0-	6,400	1,200	-0-	-0-	1,200
Interest	3,998	-0-	-0-	3,998	3,690	-0-	-0-	3,690
Meals and travel	397	135	12	544	2,016	665	58	2,739
Auto and trailer expenses	25,159	3,036	124	28,319	32,676	4,168	170	37,014
Office expense	42,040	14,291	1,231	57,562	31,256	10,316	896	42,468
Other fundraising expenses	-0-	-0-	1,000	1,000	-0-	-0-	1,810	1,810
Ranch maintenance	39,592	-0-	-0-	39,592	38,958	-0-	-0-	38,958
Property taxes	8,244	995	41	9,280	9,771	1,246	51	11,068
Insurance	21,434	2,586	106	24,126	32,747	4,177	170	37,094
Farrier	26,930	-0-	-0-	26,930	28,502	-0-	-0-	28,502
Educational	9,656	-0-	-0-	9,656	7,562	-0-	-0-	7,562
Legal and accounting	-0-	2,308	-0-	2,308	-0-	12,724	-0-	12,724
Licenses and fees	-0-	6,684	-0-	6,684	-0-	10,205	-0-	10,205
Utilities	22,182	2,677	109	24,968	16,932	2,160	88	19,180
Other expenses	-0-	318	-0-	318	-0-	611	-0-	611
Contributions	1,000	-0-	-0-	1,000	2,400	-0-	-0-	2,400
Advertising and promotion	497	-0-	-0-	497	-0-	-0-	-0-	-0-
Total	\$ 1,426,959	\$ 166,244	\$ 532,109	\$ 2,125,312	\$ 1,521,646	\$ 174,522	\$ 315,637	\$ 2,011,805

See accompanying notes and Independent Auditor's Report.

LIFESAVERS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 343,186	\$ (27,988)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	136,403	149,317
Gain on sale of fixed assets	4,904	(1,500)
(Increase) Decrease in assets:		
Accounts receivable	(222)	717
Inventory	7,544	(14,299)
Prepaid expenses	(6,833)	(5,394)
Increase (Decrease) in liabilities:		
Accounts payable	30,360	(47,548)
Accrued payroll	933	(3,762)
Accrued vacation	168	(2,217)
Payroll taxes and related liabilities payable	92	(3,587)
Sales tax payable	(1,551)	1,226
Net Cash Provided (Used) by Operating Activities	<u>514,984</u>	<u>44,965</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	408,806	1,500
Additions to property and equipment	<u>(574,759)</u>	<u>(67,955)</u>
Net Cash Provided (Used) by Investing Activities	<u>(165,953)</u>	<u>(66,455)</u>
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES		
Proceeds from issuance of notes payable	91,000	239,500
Repayment of notes payable	<u>(6,002)</u>	<u>(14,149)</u>
Net Cash Provided (Used) by Financing Activities	<u>84,998</u>	<u>225,351</u>
NET INCREASE IN CASH	434,029	203,861
CASH AT BEGINNING OF YEAR	<u>800,321</u>	<u>596,460</u>
CASH AT END OF YEAR	<u>\$ 1,234,350</u>	<u>\$ 800,321</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ 3,998	\$ 3,690

LIFESAVERS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) **Nature of Activities** — Lifesavers, Inc. was formally organized in 1997 and provides refuge, training and adoption placement services for hundreds of horses in need. Lifesavers, Inc. specializes in the rescue of American Mustangs, horses that are the descendants of the horses introduced to the North American continent by early explorers.

Lifesavers, Inc. conducts its operations from two locations, a 46-acre ranch in east Lancaster, California, and a 1,000-acre sanctuary in Twin Oaks, California. Lifesavers, Inc. can legally house in excess of 500 horses. Significant sources of revenue include voluntary donations through Lifesavers, Inc.'s direct mail campaign and from various programs. A description of Lifesavers, Inc.'s various programs can be found in Note C.

- 2) **Method of Accounting** — Lifesavers, Inc. maintains its books on the accrual basis of accounting and, accordingly, reflects all significant receivables, payables, and other liabilities.
- 3) **Basis of Presentation** — Lifesavers, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the organization or the passage of time or are subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the organization.

As of June 30, 2021 and 2020, Lifesavers, Inc. has no net assets with donor restrictions.

- 4) **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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- 5) **Cash and Cash Equivalents** — Lifesavers, Inc. considers all cash accounts and highly liquid investments with a maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair market value because of the short maturities of those financial instruments.
- 6) **Accounts Receivable** — Accounts receivable as of June 30, 2021 and 2020 consisted of royalty receivables, and are stated at the amount management expects to collect from outstanding balances. As these balances are expected to be fully collectible within the current period, no allowances for doubtful accounts have been accrued as of June 30, 2021 and 2020, respectively.
- 7) **Inventories** — Inventories are stated at the lower of cost or market determined by the first-in, first-out method. See Note G for further disclosure of the major classes of inventory on hand and their related dollar values as of June 30, 2021 and 2020.
- 8) **Property, Plant and Equipment** — Property and equipment with a value greater than \$400 and a life expectancy greater than one year are capitalized at cost. In the case of donated items, assets are capitalized at fair market value. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Depreciation expense for the years ended June 30, 2021 and 2020 is \$136,403 and \$149,317, respectively.

LIFESAVERS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- 9) **Compensated Absences** – It is Lifesavers, Inc.'s policy to permit employees to accumulate a limited amount of earned but unused vacation. Any unused vacation is paid to employees upon separation from service. Unused vacation for the years ended June 30, 2021 and 2020 is \$3,609 and \$3,441, respectively.
- 10) **Expense Allocation** — The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- 11) **Income Taxes** — Lifesavers, Inc. is exempt from Federal and California income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d), respectively.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Lifesavers, Inc. in its federal and state exempt organizations tax returns are more likely than not to be sustained upon examination. Lifesavers, Inc.'s returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

LIFESAVERS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE B – LIQUIDITY

The following reflects Lifesavers, Inc.'s financial assets available within one year of the statement of financial position date for general expenditures:

	2021	2020
Cash	\$ 1,234,350	\$ 800,321
Accounts receivable	<u>222</u>	<u>0</u>
	<u>\$ 1,234,572</u>	<u>\$ 800,321</u>

As part of Lifesavers, Inc.'s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE C — MAJOR PROGRAMS

Since 1997, Lifesavers, Inc, otherwise known as Lifesavers Wild Horse Rescue, has been dedicated to saving wild and domestic horses from abuse, neglect and slaughter. Lifesavers gentles and trains the rescued horses at their Lancaster, CA ranch which prepares them for adoption to only the best homes. Certain rescued horses are deemed unadoptable for a variety of reasons and those deserving horses live out their natural lives at the beautiful wilderness sanctuary called Wild Horse Canyon, located in Caliente, CA.

The Lifesavers rescued horses have the opportunity to give back to those who supported their freedom from suffering by being involved in horsemanship focused Growth and Healing programs such as Wild Horse Boot Camp – a wild horse gentling workshop, Women's Wild Horse Empowerment Journey – a retreat for women that will find their inner strength and courage by learning to gentle wild horses, and Wild Horse Warriors Journey – horse assisted therapy for veterans with PTSD, TBI, depression and other invisible and physical post-war injuries.

Lifesavers cares for hundreds of rescued horses between its training/adoption ranch and its sanctuary and the need is ever-increasing. The sad reality is that there is no shortage of abused, abandoned, neglected and slaughter-bound horses in need of aid. Lifesavers strives to help these horses not just by providing refuge and medical care, but by finding new lifetime homes for the horses, and offering understanding, healing and advocacy among humans.

NOTE D — CONCENTRATIONS

Cash Balances — Lifesavers, Inc. maintains cash balances at several financial institutions located throughout the country. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021 and 2020, Lifesavers, Inc.'s uninsured cash balances totaled \$659,722 and \$235,498, respectively.

Revenues — During the years ended June 30, 2021 and 2020, Lifesavers, Inc. derived \$1,173,242 and \$896,530, or 47% and 45%, respectively, of its revenues through its direct mail campaign conducted by Fundraising Strategies (see Note J). Any significant interruptions or impairment of campaign revenues would have a significant adverse impact on Lifesavers, Inc.

LIFESAVERS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE E — CASH

Cash consists of the following:

	2021	2020
Bank of the Sierra	\$ 874,723	\$ 485,498
City National Bank	131,839	182,246
California Bank & Trust, General Checking Account	1,250	5,928
Wells Fargo Checking	58,820	27,332
Bank of the Sierra	34,999	-0-
First Virginia Community Bank-Escrow account	111,642	76,762
FRS-Postage account	11,490	3,248
PayPal, General	6,817	2,625
Cash on hand	<u>2,770</u>	<u>16,682</u>
	<u>\$ 1,234,350</u>	<u>\$ 800,321</u>

At June 30, 2021 and 2020, Lifesavers, Inc. had \$123,132 and \$80,010, respectively, of contractually restricted cash. The restricted cash is held in an escrow account at the First Virginia Community Bank by the Washington Intelligence Bureau and at various mail houses and is used by Fund Raising Strategies in its direct mail campaign. No amounts were shown as non-current as of June 30, 2021 and 2020, as all funds are expected to be used in the direct mail campaign in the current operating cycle.

NOTE F — ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2021	2020
Royalty receivable	<u>\$ 222</u>	<u>\$ -0-</u>
	<u>\$ 222</u>	<u>\$ -0-</u>

NOTE G — INVENTORY

Inventory consists of the following:

	2021	2020
Merchandise	<u>\$ 30,141</u>	<u>\$ 37,685</u>
	<u>\$ 30,141</u>	<u>\$ 37,685</u>

NOTE H — PREPAID EXPENSES

Prepaid expenses consist of the following:

	2021	2020
Prepaid insurance	\$ 13,194	\$ 4,934
Miscellaneous prepaid expenses	<u>6,456</u>	<u>7,883</u>
	<u>\$ 19,650</u>	<u>\$ 12,817</u>

LIFESAVERS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE I – NOTES PAYABLE

	Current	Long-term	Total
U.S. Small Business Administration – promissory note, monthly principal and interest payments of \$5,306, interest at 1% per annum. Forgiven on July 15, 2021.	\$ 89,500	\$ -0-	\$ 89,500
U.S. Small Business Administration – promissory note, monthly principal and interest payments of \$2,042, interest at 1% per annum. Due on March 23, 2026 note is unsecured and is forgivable if grant requirements are met.	\$ 860	\$ 90,140	\$ 91,000
U.S. Small Business Administration – promissory note, monthly principal and interest payments of \$641 starting on June 20, 2021, interest at 2.75% per annum. Due May 20, 2050. Note is unsecured.	\$ 3,679	\$ 140,319	\$ 143,998
Total Notes Payable	\$ 94,039	\$ 230,459	\$ 324,498

Future minimum payments under the terms of the notes are as follows:

For the Year Ended June 30 th :	
2022	\$ 94,039
2023	27,590
2024	27,936
2025	28,288
2026	22,515
Thereafter	124,130
Total	\$ 324,498

NOTE J — DIRECT MAIL CAMPAIGN

For the years ended June 30, 2021 and 2020 Lifesavers, Inc. worked with Fundraising Strategies to educate the public and solicit donations using a direct mailing technique. Letters are composed by Jill Starr and Fundraising Strategies, and then distributed to individuals whose names appear on purchased mailing lists. Jill Starr approves all letters and disbursements. Lifesavers, Inc. employed the Washington Intelligence Bureau during the current year to receive and deposit all donations generated by this method.

For the years ended June 30, 2021 and 2020, expenses related to the direct mail campaign totaled \$660,605 and \$489,216, respectively, or 56% and 55% of the total direct mail campaign contribution revenue. Net contributions received from this fundraising operation were, \$512,637 and \$407,314, respectively, for the years ended June 30, 2021 and 2020. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis

Since the goals of Lifesavers, Inc.'s direct mail campaign are both educational and fundraising 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. Those joint costs were allocated as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Program Services	\$ 136,213	\$ 183,550
Management and General	5,267	3,344
Fundraising	519,125	302,322
	\$ 660,605	\$ 489,216

LIFESAVERS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE K — ADVERTISING

Lifesavers, Inc. uses advertising to promote its horse rescue program among the audiences it serves. The production costs of advertising are expensed as incurred. During 2021 and 2020, advertising costs totaled \$497 and \$0, respectively.

NOTE L – FUNCTIONAL ALLOCATION OF EXPENSES

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

NOTE M — RELATED PARTY DISCLOSURES

Jill Starr as the Founder and Executive Director has a vehicle available for personal use and for errands such as banking, small item transport, and for travel between both Lifesavers, Inc. locations.

On February 9, 2008, the board voted to hire Karen Fromel, a Director on the board and sister of the Executive Director Jill Starr, as Lifesavers, Inc.'s grant writer. In her capacity as the Director of Development and as the Grant Writer, Karen has raised hundreds of thousands of dollars in grant awards for Lifesavers, Inc. As of June 30, 2021 and 2020, her annual salary including incentives was \$74,200 and \$72,152, respectively.

NOTE N — SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 9, 2022, the date the financial statements were available to be issued. During this review no subsequent events were noted.