

**GIVING ALTERNATIVE LEARNERS
UPLIFTING OPPORTUNITIES, INC.**

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To the Board of Directors of:
Giving Alternative Learners Uplifting Opportunities, Inc.

Independent Auditor's Report

We have audited the accompanying financial statements of Giving Alternative Learners Uplifting Opportunities, Inc., which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows and functional expenses 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 audits. We conducted our audits 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 from 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 accounting 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 Giving Alternative Learners Uplifting Opportunities, Inc. as of June 30, 2017, and the results of its activities, cash flows and functional expenses for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Kenneth Cookler, CPA, P.C.

East Norwich, New York
November 3, 2017

**GIVING ALTERNATIVE LEARNERS
UPLIFTING OPPORTUNITIES, INC.**

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 182,583.	
Accounts Receivable	91,950.	
Investments	220,797.	
Prepaid Expenses	<u>9,154.</u>	
Total Current Assets		\$ 504,484.

Property and Equipment

Land	2,200,000.	
Building	800,000.	
Vehicles and Equipment	112,071.	
Accumulated Depreciation	<u>(58,200.)</u>	
Total Property and Equipment		3,053,871.

Other Assets

Security Deposits	13,200.	
Due from Broker for Securities Sold	<u>386.</u>	
Total Other Assets		<u>13,586.</u>

Total Assets		<u>\$ 3,571,941.</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 28,721.	
Loan Payable – Truck	<u>8,667.</u>	
Total Current Liabilities		\$ 37,388.

Long-Term Liabilities

Note Payable – Land and Building	2,572,016.	
Loan Payable – Truck	<u>11,193.</u>	
Total Long-Term Liabilities		2,583,209.

Net Assets

Unrestricted	434,292.	
Temporarily Restricted	517,052.	
Permanently Restricted	<u>0.</u>	
Total Net Assets		<u>951,344.</u>

Total Liabilities and Net Assets		<u>\$ 3,571,941.</u>
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See Accountants' Report and Notes to Financial Statements.

**GIVING ALTERNATIVE LEARNERS
UPLIFTING OPPORTUNITIES, INC.**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

Support and Revenues	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Riding Fees	\$ 380,441.	\$ 0.	\$ 380,441.
Less: Tuition Waivers	<u>(183,896.)</u>	<u>0.</u>	<u>(183,896.)</u>
Net Riding Fees	196,545.	0.	196,545.
Grants	234,989.	178,753.	413,742.
Contributions	888,163.	297,350.	1,185,513.
Interest and Dividend Income	2,060.	3,097.	5,157.
Other Income	86,916.	0.	86,916.
Realized Gain (Loss) on Sale of Investments	(34,955.)	38,661.	3,706.
Unrealized Gain (Loss) on Investments	9,617.	(809.)	8,808.
Net Assets Released from Restrictions	<u>292,835.</u>	<u>(292,835.)</u>	<u>0.</u>
Total Support and Revenue	<u>1,676,170.</u>	<u>224,217.</u>	<u>1,900,387.</u>
 Expenses			
Program Services			
Therapeutic Horseback Riding Program	1,310,069.	0.	1,310,069.
 Support Services			
Management and General	104,130.	0.	104,130.
Fundraising	<u>217,439.</u>	<u>0.</u>	<u>217,439.</u>
Total Expenses	<u>1,631,638.</u>	<u>0.</u>	<u>1,631,638.</u>
 Increase (Decrease) in Net Assets			
Unrestricted	44,532.	0.	44,532.
Temporarily Restricted	0.	224,217.	224,217.
Permanently Restricted	<u>0.</u>	<u>0.</u>	<u>0.</u>
Increase (Decrease) in Net Assets	44,532.	224,217.	268,749.
Net Assets - Beginning of Year	<u>389,760.</u>	<u>292,835.</u>	<u>682,595.</u>
Net Assets - End of Year	<u>\$ 434,292.</u>	<u>\$ 517,052.</u>	<u>\$ 951,344.</u>

See Accountants' Report and Notes to Financial Statements.

**GIVING ALTERNATIVE LEARNERS
UPLIFTING OPPORTUNITIES, INC.**

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017**

Cash Flows from Operating Activities

Increase in Net Assets		\$ 268,749.
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	\$ 26,516.	
Increase in Accounts Receivable	(43,501.)	
Increase in Prepaid Expenses	(2,056.)	
Increase in Due from Broker for Securities Sold	(386.)	
Decrease in Accounts Payable and Accrued Expenses	(12,793.)	
Unrealized Gain on Investments	<u>(8,808.)</u>	
Total Adjustments		<u>(41,028.)</u>
Net Cash Provided (Used) by Operating Activities		227,721.

Cash Flows from Investing Activities

Payment for Purchase of Land and Building	(3,000,000.)	
Payment for Purchase of Investments	<u>(97,258.)</u>	
Net Cash Provided (Used) by Investing Activities		(3,097,258.)

Cash Flows from Financing Activities

Increase in Note Payable – Land and Building	2,572,016.	
Decrease in Loan Payable – Truck	<u>(9,081.)</u>	
Net Cash Provided (Used) by Financing Activities		<u>2,562,935.</u>

Net Increase (Decrease) in Cash and Cash Equivalents		(306,602.)
Cash and Cash Equivalents - Beginning of Year		<u>489,185.</u>
Cash and Cash Equivalents - End of Year		<u>\$ 182,583.</u>

See Accountants' Report and Notes to Financial Statements.

**GIVING ALTERNATIVE LEARNERS
UPLIFTING OPPORTUNITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: Nature of Organization and Summary of Significant Accounting Policies:

Nature of Organization:

Giving Alternative Learners Uplifting Opportunities, Inc. (the "Organization") is a not-for-profit corporation incorporated on June 6, 2005, in the State of Delaware, to provide therapeutic horseback riding to people in New York City, using interactions with horses to promote the growth of functional and mental abilities in a safe, supportive, and fun manner. The Organization bases its program on good horsemanship, sound riding principles, and therapeutic riding in hippotherapy standards that are approved by the Professional Association of Therapeutic Horsemanship, International (PATH).

Estimates:

The preparation of Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used in the determination of depreciation and the allocation of costs among programs and the supporting services, among others.

Cash and Cash Equivalents:

For the purposes of the Statement of Cash Flows, cash is defined as demand deposits at banks.

Property and Equipment:

Property and equipment additions are recorded at cost, if purchased, or at the fair value at the date of the gift, if donated. Additions exceeding \$1,000 are capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Depreciation expense for the year ended June 30, 2017 amounted to \$26,516.

Income Taxes:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Support and Revenue:

Grants are recorded as revenue when received. Riding fees are generally recognized when earned.

**GIVING ALTERNATIVE LEARNERS
UPLIFTING OPPORTUNITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 1: Nature of Organization and Summary of Significant Accounting Policies: (continued)

Contributions:

Contributions are recognized when the donor makes a promise to give, that is, in substance, unconditional. Unrestricted contributions are reported as increases in unrestricted net assets. Donor restricted contributions are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in temporary or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses:

The cost of providing the various programs and the supporting services has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among programs and the supporting services in reasonable ratios determined by management.

Investments:

All marketable investments are reported at fair value based on quoted market values. Purchase and sale of investments are reflected on a trade-date basis. Gains and losses on sales of investments are based on the first-in, first-out method and are recorded in the statement of activities in the period in which the investments are sold. Dividends and interest are recognized as earned. Income earned from investments, including realized and unrealized gains and losses, is recorded in the period they occur as unrestricted, except where the instructions of the donor specify otherwise.

NOTE 2: Loan Payable - Truck:

On October 14, 2014, the organization purchased a truck and financed a loan with a 2.9% interest rate, fixed for five years. The monthly payments are \$761 and this loan fully amortizes and matures on September 14, 2019.

The following are required loan payments for each of the next five years:

June 30, 2018	8,667.
June 30, 2019	8,922.
June 30, 2020	<u>2,271.</u>
Total:	19,860.
Less: Current Portion	<u>(8,667.)</u>
Long-Term Portion	<u><u>11,193.</u></u>

**GIVING ALTERNATIVE LEARNERS
UPLIFTING OPPORTUNITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 3: Land, Building and Note Payable:

On January 3, 2017 GallopNYC Property Co, LLC purchased land and building located in Forest Hills, New York for \$3,000,000. This limited liability company was formed on November 21, 2016 to own the land and building. The Organization is the sole member of this LLC. The purchase was financed by a purchase money note in the amount of \$2,572,016. This note is a 10 year loan, interest only at a fixed rate of 5%, and matures on February 1, 2027 at which time the entire principal amount is due. Monthly interest payments on this note are \$10,717.

NOTE 4: Tuition Waivers:

The Organization provides financial assistance in the form of tuition waivers to riders. The amount of the tuition waiver is determined by management for each rider, based on the available financial resources of the individual. Tuition waivers for the year ended June 30, 2017 amounted to \$183,896 and is reported separately on the Statement of Activities.

NOTE 5: Fundraising Events:

The Organization hosts fundraising events on a yearly basis to raise monies in support of its mission. Fundraising expenses include costs associated with hosting the events. Revenue and expenses from fundraising events for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Revenue	<u>\$ 262,320.</u>	<u>\$ 459,736.</u>
Expenses:		
Event Planner / Venue	8,696.	14,092.
Printing	4,625.	0.
Travel	0.	292.
Postage and Mailings	12,974.	11,676.
Supplies	2,848.	1,804.
Design and Marketing	3,611.	1,517.
Advertising	186.	188.
Meals	<u>25,451.</u>	<u>8,383.</u>
Total Expenses	<u>58,391.</u>	<u>37,952.</u>
Net Profit	<u>\$ 203,929.</u>	<u>\$ 421,784.</u>

**GIVING ALTERNATIVE LEARNERS
UPLIFTING OPPORTUNITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 6: In-Kind Contributions:

Many individuals volunteer their time in positions that they would ordinarily be compensated for and perform a variety of tasks that assist the Organization in accomplishing its mission; however, these are not recognized in the Financial Statements because they did not meet the criteria for recognition included in the Non-Profit Entities Topic of the FASB Accounting Standards Codification.

NOTE 7: Lease Commitment:

The Organization occupies office and facility space under the terms of a month-to-month agreement. The agreement provides for use of a full time share of workspace. Rent expense for the year ended June 30, 2017 amounted to \$34,328.

NOTE 8: Concentration of Credit Risks:

The Organization maintains its cash accounts in a commercial bank located in New York State, which at times may exceed federally insured amounts. The Organization has not experienced losses in any such accounts and does not believe it is exposed to any significant credit risk.

NOTE 9: Subsequent Events:

Management has evaluated subsequent events through November 3, 2017, which is the date the Financial Statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

SUPPLEMENTARY INFORMATION

**GIVING ALTERNATIVE LEARNERS
UPLIFTING OPPORTUNITIES, INC.**

**SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017**

	<u>Program Services</u>	<u>Support Services</u>		
	<u>Therapeutic Horseback Riding Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 507,128.	\$ 19,031.	\$ 145,554.	\$ 671,713.
Payroll Taxes	47,016.	1,764.	13,494.	62,274.
Contract Labor	66,917.	18,000.	0.	84,917.
Horse Rental and Expenses	301,258.	0.	0.	301,258.
Facility Taxes and Fees	93,737.	0.	0.	93,737.
Staff Development	12,920.	0.	0.	12,920.
Professional Fees	34,647.	5,325.	0.	39,972.
Memberships and Dues	2,385.	0.	0.	2,385.
Rent	5,076.	29,252.	8,696.	43,024.
Insurance	63,178.	12,866.	0.	76,044.
Conferences, Travel, and Meals	6,853.	0.	25,451.	32,304.
Supplies	12,860.	10,001.	2,280.	25,141.
Office Expense	4,548.	4,549.	17,599.	26,696.
Depreciation	26,516.	0.	0.	26,516.
Bank, Filing and Revenue Proc. Fees	15,195.	2,387.	0.	17,582.
Payroll Processing Fees	830.	37.	0.	867.
Permits	634.	0.	0.	634.
Technical Support	12,436.	0.	0.	12,436.
Advertising and Marketing	0.	918.	3,797.	4,715.
Interest Expense	53,578.	0.	0.	53,578.
Volunteer Expenses	30,277.	0.	0.	30,277.
Miscellaneous	<u>12,080.</u>	<u>0.</u>	<u>568.</u>	<u>12,648.</u>
 Total Expenses	 <u>\$1,310,069.</u>	 <u>\$ 104,130.</u>	 <u>\$ 217,439.</u>	 <u>\$1,631,638.</u>

See Accountants' Report and Notes to Financial Statements.