

DOUBLE "H" RANCH, INC.  
Independent Auditors' Report  
Financial Statements  
December 31, 2010  
(With Comparative Totals for 2009)



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DOUBLE "H" RANCH, INC.

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## INDEPENDENT AUDITORS' REPORT

To The Board of Directors of  
Double "H" Ranch, Inc.:

We have audited the accompanying statements of financial position of Double "H" Ranch, Inc. (a non-profit Corporation hereinafter referred to as the Ranch) as of December 31, 2010 and 2009, and the related statements of cash flows for the years then ended and the statements of activities and functional expenses for the year ended December 31, 2010. These financial statements are the responsibility of the Ranch's management. Our responsibility is to express an opinion on these financial statements based on our audits. The 2009 comparative totals included in the statements of activities and functional expenses have been derived from the Ranch's 2009 financial statements and, in our report dated March 12, 2010, we expressed an unqualified opinion on that financial statement.

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 audits provide 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 the Ranch as of December 31, 2010 and 2009 and cash flows for the years then ended and changes in its net assets for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

*Whittemore, Downen & Ricciardelli, LLP*

Whittemore, Downen & Ricciardelli, LLP

March 24, 2011

DOUBLE 'H' RANCH, INC.  
 Statements of Financial Position  
 December 31, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash and cash equivalents	\$ 412,354	\$ 460,646
Other pledge receivables	189,620	175,686
Current unconditional promises to give	93,000	113,000
Prepaid expenses	-	750
Inventories	15,162	14,147
Total Current Assets	<u>710,136</u>	<u>764,229</u>
Property and Equipment:		
Property and equipment	3,985,859	3,771,938
Construction in progress	16,292	-
Less: accumulated depreciation	<u>(1,606,221)</u>	<u>(1,410,689)</u>
Net Property and Equipment	<u>2,395,930</u>	<u>2,361,249</u>
Other Assets:		
Cash and cash equivalents, non-current	767,590	957,585
Investments, non-current	6,060,878	5,301,304
Unconditional promises to give, non-current	2,462,692	1,460,675
Total Other Assets	<u>9,291,160</u>	<u>7,719,564</u>
Total Assets	<u><u>\$ 12,397,226</u></u>	<u><u>\$ 10,845,042</u></u>

See Independent Auditors' Report and Notes

DOUBLE 'H' RANCH, INC.  
Statements of Financial Position  
December 31, 2010 and 2009

LIABILITIES AND NET ASSETS	<u>2010</u>	<u>2009</u>
Current Liabilities:		
Accounts payable	\$ -	\$ 15,144
Accrued payroll and payroll taxes	50,714	19,556
Annuities payable, current	3,176	3,176
Notes payable, current	<u>11,887</u>	<u>17,536</u>
Total Current Liabilities	<u>65,777</u>	<u>55,412</u>
Non-Current Liabilities:		
Annuities payable, non-current	27,798	28,817
Notes payable, non-current	<u>10,168</u>	<u>22,055</u>
Total Non-Current Liabilities	<u>37,966</u>	<u>50,872</u>
Total Liabilities	<u>103,743</u>	<u>106,284</u>
Net Assets:		
Unrestricted Net Assets:		
Undesignated, available for general activities	2,799,871	2,444,163
Designated by Board of Directors-Endowment	<u>2,230,259</u>	<u>1,150,492</u>
Total Unrestricted Net Assets	5,030,130	3,594,655
Temporarily restricted net assets	-	-
Permanently restricted net assets	<u>7,263,353</u>	<u>7,144,103</u>
Total Net Assets	<u>12,293,483</u>	<u>10,738,758</u>
Total Liabilities and Net Assets	<u><u>\$ 12,397,226</u></u>	<u><u>\$ 10,845,042</u></u>

See Independent Auditors' Report and Notes

DOUBLE 'H' RANCH, INC.

Statement of Activities

Year Ended December 31, 2010  
With Comparative Totals for 2009

	Unrestricted	Permanently Restricted	2010 Total	2009 Total
Operating Revenue:				
Contributions received for support	\$ 2,089,493	\$ -	\$ 2,089,493	\$ 2,110,563
Special events (net)	740,930	-	740,930	513,927
Non-cash donations	157,299	-	157,299	45,847
Rental income	41,538	-	41,538	37,400
Interest and dividends	144,637	-	144,637	146,084
Merchandise sales (net) and other income	3,040	-	3,040	34,473
Subtotal	<u>3,176,937</u>	<u>-</u>	<u>3,176,937</u>	<u>2,888,294</u>
Realized and Unrealized gain (loss) on investments	<u>570,001</u>	<u>-</u>	<u>570,001</u>	<u>917,283</u>
Total Operating Revenue	<u>3,746,938</u>	<u>-</u>	<u>3,746,938</u>	<u>3,805,577</u>
Expenses:				
Program services	<u>2,535,169</u>	<u>-</u>	<u>2,535,169</u>	<u>2,336,624</u>
Support Services:				
Management and general	278,265	-	278,265	288,330
Fund raising	525,639	-	525,639	553,910
Total Support Services	<u>803,904</u>	<u>-</u>	<u>803,904</u>	<u>842,240</u>
Total Operating Expenses	<u>3,339,073</u>	<u>-</u>	<u>3,339,073</u>	<u>3,178,864</u>
Total Operating Income	407,865	-	407,865	626,713
Campaign income	1,029,767	119,250	1,149,017	37,098
Annuity income (loss)	<u>(2,157)</u>	<u>-</u>	<u>(2,157)</u>	<u>2,555</u>
Increase in Net Assets	1,435,475	119,250	1,554,725	666,366
Net Assets at Beginning of Year	<u>3,594,655</u>	<u>7,144,103</u>	<u>10,738,758</u>	<u>10,072,392</u>
Net Assets at End of Year	<u>\$ 5,030,130</u>	<u>\$ 7,263,353</u>	<u>\$ 12,293,483</u>	<u>\$ 10,738,758</u>

See Independent Auditors' Report and Notes

DOUBLE 'H' RANCH, INC.

Statement of Functional Expenses

Year Ended December 31, 2010  
With Comparative Totals for 2009

Support Services

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2010 Totals</u>	<u>2009 Totals</u>
Admin office-rent expense	\$ 3,250	\$ 3,251	\$ 3,250	\$ 9,751	\$ 9,639
Advertising and promotion	16,440	551	18,216	35,207	46,274
Animal care	29,893	-	-	29,893	32,662
Automotive expenses	13,463	-	54	13,517	9,368
Bank and credit card fees	-	16,221	48,368	64,589	58,577
Cleaning and maintenance supplies	7,189	-	-	7,189	8,132
Depreciation	181,035	9,861	4,636	195,532	188,551
Design fees	-	20,640	-	20,640	-
Dues and subscriptions	739	2,671	30	3,440	3,822
Equipment rental	648	-	-	648	2,248
Filing fees	-	775	-	775	775
Food and kitchen supplies	255,374	-	-	255,374	249,674
Grounds maintenance	6,855	-	-	6,855	8,263
Insurance	98,576	29,360	-	127,936	139,936
Interest expense	-	1,704	-	1,704	1,519
Licenses and permits	-	306	-	306	639
Medical and activity supplies	5,053	-	-	5,053	20,818
Medical services	28,755	-	-	28,755	27,020
Office supplies	25,636	11,851	13,971	51,458	44,181
Payroll taxes and employee benefits	212,533	58,617	68,937	340,087	343,434
Printing and postage	11,829	3,982	18,938	34,749	40,312
Professional fees and dues	-	43,198	3,750	46,948	54,447
Program supplies	127,815	-	176	127,991	108,131
Repairs and maintenance	163,693	-	-	163,693	83,535
Salaries	1,153,595	54,214	320,319	1,528,128	1,481,842
Technology	20,336	7,267	17,951	45,554	29,635
Telephone	7,221	10,994	3,511	21,726	20,248
Training	15,319	-	760	16,079	13,040
Travel and meetings	4,168	2,802	2,772	9,742	5,125
Utilities and heat	145,754	-	-	145,754	147,017
<b>Total Functional Expenses</b>	<b>\$ 2,535,169</b>	<b>\$ 278,265</b>	<b>\$ 525,639</b>	<b>\$ 3,339,073</b>	<b>\$ 3,178,864</b>

See Independent Auditors' Report and Notes

DOUBLE 'H' RANCH, INC.

Statement of Cash Flows

Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities:		
Increase in Net Assets	\$ 1,554,725	\$ 666,366
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	195,532	188,613
Unrealized (gain) loss on investments	(518,004)	(1,125,149)
Realized (gain) loss on investments	(51,997)	207,867
Donated fixed assets	(67,500)	(13,689)
Campaign income present value discount	550,983	(26,098)
(Increase) Decrease in:		
Unconditional promises to give	(1,533,000)	257,000
Other pledge receivables	(13,934)	(34,686)
Prepaid expenses	750	-
Inventories	(1,015)	(796)
Increase (Decrease) in:		
Accounts payable	(15,181)	(32,267)
Accrued payroll and payroll taxes	31,197	5,719
Annuities payable	(1,019)	(5,731)
Net Cash Provided (Used) by Operating Activities	<u>131,537</u>	<u>87,149</u>
Cash Flows From Investing Activities:		
Change in permanently restricted cash and cash equivalents and investments	422	69,558
Acquisition of fixed assets	(162,712)	(183,038)
Net Cash Provided (Used) by Investing Activities	<u>(162,290)</u>	<u>(113,480)</u>
Cash Flows From Financing Activities:		
Payments on long-term debt	(17,539)	(14,453)
Proceeds from long-term debt	-	19,800
Net Cash Provided (Used) by Financing Activities	<u>(17,539)</u>	<u>5,347</u>
Net Decrease in Cash and Cash Equivalents	(48,292)	(20,984)
Cash and Cash Equivalents at Beginning of Year	<u>460,646</u>	<u>481,630</u>
Cash and Cash Equivalents at End of Year	<u>\$ 412,354</u>	<u>\$ 460,646</u>
Supplemental Disclosures of Cash Flow Information:		
Non-Cash Financing Activities:		
Purchase of property and equipment	<u>\$ -</u>	<u>\$ 19,800</u>
Cash Paid During the Year for:		
Interest	<u>\$ 1,704</u>	<u>\$ 1,519</u>

See Independent Auditors' Report and Notes



DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2010  
(With Comparative Information for 2009)

**Organization and Significant Accounting Policies**

Organization

Double "H" Ranch, Inc. (the Ranch) is a non-profit Corporation organized under Not-For-Profit Corporation Law of New York State on April 24, 1992.

The Ranch is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Ranch's tax-exempt purposes is subject to taxation as unrelated business income. In addition, the Ranch qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Program and Supporting Services

The following programs and supporting services are included in the accompanying financial statements:

Activities

Operations of an organization that provides specialized year-round program services for children and their families dealing with life threatening illness.

Ski Program

Operation of a winter adaptive ski program not open to the general public, to enable seriously ill children who participate at the Ranch to enjoy the sport of skiing.

Medical/Clinical

Provides medical services for children with life threatening illness who participate at the Ranch.

Food Services

Provides meals for the children with life threatening illness who attend the Ranch.

Facilities Management

Includes the maintenance and upkeep of the facilities in order to ensure the safety of the children participating at the Ranch.

Management and General

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Ranch.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations.

Financial Statement Presentation

Financial statement presentation follows FASB ASC 958-210 (formerly Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations"). Under FASB ASC 958-210, an 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.

The amounts for December 31, 2009 in the accompanying statement are included to provide a basis for comparison with December 31, 2010 and present summarized totals only. Accordingly, the December 31, 2009 amounts are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2010  
(With Comparative Information for 2009)

**Organization and Significant Accounting Policies – Continued**

Financial Statement Presentation – Continued

The following classes of net assets are maintained:

Unrestricted Net Assets

The unrestricted net asset class includes general and board designated assets and liabilities of the Organization. The unrestricted net assets of the Organization may be used at the discretion of management to support the Organization's purposes and operations.

Temporarily Restricted Net Assets

Temporarily restricted net assets include donations for a particular asset or program. When the contribution is used for the purpose intended, the amount is released to unrestricted net assets.

Permanently Restricted Net Assets

Permanently restricted net assets consist of endowment fund investments to be held indefinitely, the income from which is expendable to support the Ranch's programs and operations.

Use of Estimates

The presentation 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value Measures

The Ranch has adopted ASC 820-10 (formerly SFAS No. 157, Fair Value Measurements). ASC 820-10 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP) and expands disclosures about fair value measurements. ASC 820-10 establishes 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 measurements ) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC 820-10 are:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Ranch's investment in money market funds and certificates of deposit with maturities less than 91 days have been considered a cash equivalent.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2010  
(With Comparative Information for 2009)

**Organization and Significant Accounting Policies – Continued**

Concentration of Credit Risk

The Ranch has several deposit accounts at three financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest bearing accounts and unlimited coverage for noninterest bearing accounts through the FDIC's Transaction Account Guarantee Program. Cash at these institutions may at times, exceed Federal insured limits. The amount in excess of the FDIC limits totaled \$36,879 and \$112,453 at December 31, 2010 and 2009, respectively. The Ranch has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Inventories

Inventories are stated at the lower of cost (determined by the first-in, first-out method) or market. Inventories consist principally of merchandise held for re-sale.

Fixed Assets

Property and equipment are stated at cost. The Ranch follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$1,000. The fair market value of donated fixed assets, if significant in amount, is also capitalized. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Interest incurred during construction is not capitalized.

Securities

Investments in marketable securities are stated at fair value. Realized and unrealized gains or losses are determined by comparison of costs (determined on a first-in, first-out basis) to proceeds or market, respectively.

Sources of Revenue and Support

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time 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. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

Non-Cash Contributions

Donated real estate, furniture, equipment and services are reflected in the financial statements at their estimated market values at the date of receipt.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Ranch that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Ranch believes that all promises to give are collectible within their specific time period, thus no allowance for uncollectible promises to give is maintained. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2010  
(With Comparative Information for 2009)

**Organization and Significant Accounting Policies – Continued**

Advertising and Promotion

The Ranch expenses advertising as incurred. Advertising and promotion expense was \$35,207 and \$46,274 for the years ended December 31, 2010 and 2009, respectively.

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 that benefit more than one function have been allocated among the programs and supporting services.

**Cash and Cash Equivalents**

The balances comprising cash on hand and in bank at December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Petty cash	\$ 400	\$ 400
Cash in bank, checking	397,971	456,667
Money market funds	<u>781,573</u>	<u>961,164</u>
Total	1,179,944	1,418,231
Less: amounts in current assets	<u>(412,354)</u>	<u>(460,646)</u>
Other assets	<u>\$ 767,590</u>	<u>\$ 957,585</u>

**Investments**

The investments consist of mutual funds and marketable securities which are carried at fair value determined at December 31.

Fair values and unrealized gains (losses) at December 31, 2010 and 2009 are summarized as follows:

<u>2010</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Fixed income securities	\$ 1,084,466	\$ 1,105,283	\$ 20,817
Equity securities	<u>4,252,412</u>	<u>4,955,595</u>	<u>703,183</u>
Total	<u>\$ 5,336,878</u>	<u>\$ 6,060,878</u>	<u>\$ 724,000</u>
<u>2009</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Fixed income securities	\$ 878,360	\$ 897,398	\$ 19,038
Equity securities	<u>4,213,784</u>	<u>4,403,906</u>	<u>190,122</u>
Total	<u>\$ 5,092,144</u>	<u>\$ 5,301,304</u>	<u>\$ 209,160</u>

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2010  
(With Comparative Information for 2009)

**Investments – Continued**

The fair value measurement of investments at December 31, 2010 was as follows:

Description	Total	Fair Value Measurements at Reporting Date Using:		
		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 6,060,878	\$ 6,060,878	\$ -	\$ -

**Property and Equipment**

Property and equipment at December 31, 2010 and 2009 are comprised as follows:

	2010	2009
Land improvements and leasehold improvements	\$ 1,903,144	\$ 1,873,293
Furniture and fixtures	216,562	216,562
Machinery and equipment	1,312,738	1,128,668
Displays	13,415	13,415
Construction in progress (building renovations)	16,292	-
	<u>3,462,151</u>	<u>3,231,938</u>
Land-Queensbury, NY	<u>540,000</u>	<u>540,000</u>
Total property and equipment	4,002,151	3,771,938
Less: accumulated depreciation	<u>(1,606,221)</u>	<u>(1,410,689)</u>
Property and equipment, net	<u>\$ 2,395,930</u>	<u>\$ 2,361,249</u>

**Non-Cash Donations**

During the years ended December 31, 2010 and 2009, the Ranch received the following non-cash donations which have been reflected in the Ranch's statement of activities:

	2010	2009
Activities supplies	\$ 46,520	\$ 24,005
Advertising supplies	-	1,000
Design	20,640	-
Food supplies	2,433	5,553
Furniture and fixtures	-	7,000
Leasehold improvements	65,500	-

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2010  
(With Comparative Information for 2009)

**Non-Cash Donations – Continued**

	2010	2009
Construction in progress	16,292	-
Maintenance of ranch grounds	3,914	1,600
Property and equipment	2,000	6,689
Operating non-cash donations	157,299	45,847
Fund raising non-cash donations relating to special events	66,681	75,530
Total non-cash donations	<u>\$ 223,980</u>	<u>\$ 121,377</u>

The following non-cash donations were not valued in the financial statements as there is no objective basis available to value these items:

1. The use of the facilities where the Ranch operates were donated by the Charles R. Wood Foundation which owns the real and much of the personal property at the site. All operating and maintenance expenses for the facilities are the responsibility of the Ranch.
2. Some of the medical attention provided to the children attending the Ranch by physicians and registered nurses who volunteer their services.
3. Various program help and support of daily operations of the Ranch including counseling, chaperoning, grounds maintenance, housekeeping and coordination of various camper activities were provided by the general public of the surrounding communities.

**Special Events**

During the years ended December 31, 2010 and 2009 the Ranch held several fundraising events. Net revenue generated from events was as follows:

	2010	2009
Gross events revenue	\$ 1,181,238	\$ 1,035,696
Expenses relating to events	(440,308)	(521,769)
Net revenue generated from events	<u>\$ 740,930</u>	<u>\$ 513,927</u>

Contributions received at events in addition to ticket sales are included in gross event income.

Special events revenues are presented in the statement of activities net of expenses.

**Lease Revenue**

In 1995, the Ranch received a donation from Charles R. Wood of 1.597 acres of land which was under a long-term lease with Burger King Corporation; the land has been improved for use as a Burger King Restaurant outlet. The property is located in the Town of Queensbury, New York between Exit 19 of I-87 and Route 9 adjacent to the enclosed Aviation Mall facility.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2010  
(With Comparative Information for 2009)

**Lease Revenue – Continued**

The previous lease expired December 2000 and called for annual rentals of \$26,000. The lessee is responsible for all expenses relating to the property including repairs, maintenance, insurance and real estate taxes. The lessee, Carrols Corporation, exercised its option to renew its obligation under the lease for four additional periods of five years each with annual rents starting in the initial five-year period of the option at \$31,200 and graduating to \$54,000 in the last five-year period.

**Unconditional Promises to Give**

Unconditional promises to give consist of Board Designated pledges and donor pledges to the “Campaign” to raise funds to be permanently restricted for investment purposes totaled \$5,767,000 at December 31, 2010 and \$4,234,000 at December 31, 2009.

	<u>2010</u>	<u>2009</u>
Receivable in less than one year	\$ 93,000	\$ 113,000
Receivable in one to five years	448,000	95,000
Receivable after five years	<u>5,226,000</u>	<u>4,026,000</u>
Total	5,767,000	4,234,000
Less: unamortized discount	<u>(3,211,308)</u>	<u>(2,660,325)</u>
Net unconditional promises to give	<u>\$ 2,555,692</u>	<u>\$ 1,573,675</u>

Proceeds collected from “Campaign” pledges and donations are invested to preserve and increase principal. Annual payout to fund the operating budget is limited up to 6% of the prior twelve quarters’ average asset value of the permanently restricted fund. Permanently restricted funds are to be kept in perpetuity as an endowment fund.

The fair value measurement of unconditional promises to give at December 31, 2010 was as follows:

<u>Description</u>	<u>Total</u>	<u>Fair Value Measurements at Reporting Date Using:</u>		
		<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Unconditional promises to give	\$ 2,555,692	\$ -	\$ -	\$ 2,555,692

The discount rate used to value long-term promises to give was 8% for both 2010 and 2009. The discount rate was not adjusted for a variable component due to the positive history of collectability of the Ranch’s promises to give.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2010  
(With Comparative Information for 2009)

**Notes Payable**

In 2008 the Ranch entered into a 48 month loan agreement for the purchase of a truck with monthly payments of \$614, including interest at 7.79%, maturing February, 2012.

In 2009 the Ranch entered into a 48 month loan agreement for the purchase of a truck with monthly payments of \$455, including interest at 4.9%, maturing October, 2013.

Maturities of the notes payable follows:

Years ending December 31,	
2011	\$ 11,887
2012	5,716
2013	<u>4,452</u>
	22,055
Less: current portion	<u>(11,887)</u>
Total	<u>\$ 10,168</u>

Total interest expense recognized for 2010 and 2009 was \$1,704 and \$1,519, respectively.

**Charitable Gift Annuity**

In 2008, the Ranch entered into charitable gift annuity agreements with two donors. These agreements provide for quarterly payments payable for the life of the donors. Annuity payments in the amount of \$2,382 were made for the year ended December 31, 2010 and 2009. The Ranch records the net present value of estimated amounts due as current and long-term liabilities using a 5% rate of return.



DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2010  
(With Comparative Information for 2009)

**Allocation of Joint Costs**

During the years ended December 31, 2010 and 2009, the Ranch conducted activities that included requests for contributions, as well as program and management and general components. Those activities included direct mail campaigns, special events and telephone solicitations. The costs of conducting these activities included a total of \$497,241 and \$569,516, respectively of joint costs, which are not specifically attributable to particular components of the activities. Joint costs were allocated as follows:

<u>2010</u>	<u>Promotion and Direct Mail</u>	<u>Special Events</u>	<u>Telephone Solicitation</u>	<u>Total</u>
Ranch program	\$ 16,440	\$ -	\$ 7,221	\$ 23,661
Management and general	551	-	10,994	11,545
Fundraising	<u>18,216</u>	<u>440,308</u>	<u>3,511</u>	<u>462,035</u>
Total	<u>\$ 35,207</u>	<u>\$ 440,308</u>	<u>\$ 21,726</u>	<u>\$ 497,241</u>
<u>2009</u>	<u>Promotion and Direct Mail</u>	<u>Special Events</u>	<u>Telephone Solicitation</u>	<u>Total</u>
Ranch program	\$ 1,460	\$ -	\$ 7,615	\$ 9,075
Management and general	149	-	8,988	9,137
Fundraising	<u>44,665</u>	<u>502,994</u>	<u>3,645</u>	<u>551,304</u>
Total	<u>\$ 46,274</u>	<u>\$ 502,994</u>	<u>\$ 20,248</u>	<u>\$ 569,516</u>

**Commitments and Contingencies**

The Ranch leases the land and buildings in Lake Luzerne, New York from the Charles R. Wood Foundation for \$1 per year. It is a 40 year lease that was renewed in 2005 for 10 years and renewable in 2015 for another 25 years.

**Pension Plan**

The Ranch has a Simple IRA Plan available to all full-time, year round employees after three months of service. The Ranch matches dollar for dollar up to 3% of the employee's base salary. The Ranch's contribution was \$22,840 in 2010 and \$22,935 in 2009.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2010  
(With Comparative Information for 2009)

**Deferred Compensation**

On or about February 23, 2009, Double H Ranch entered into a deferred compensation plan with the Chief Executive Officer. Double H's obligations under the plan are being funded by means of a life insurance policy with Northwestern Mutual Life Insurance Company. Under the terms of the plan, the Chief Executive Officer will begin receiving annual benefits at age 62 from the cash surrender value of the policy. In the event of his death before age 62, the life insurance benefits under the policy will be paid to his designated beneficiary. In the event of his death after age 62, all unpaid retirement benefits will be paid to his designated beneficiary. The policy requires an annual payment which will be paid quarterly. For the year ended December 31, 2010 the Ranch made payments in the amount of \$46,314.

**Subsequent Events**

The Ranch has evaluated all events through March 24, 2011, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.