

DOUBLE H RANCH, INC.

Independent Auditor's Report

Financial Statements

December 31, 2015
(With Comparative Totals for 2014)



WHITTEMORE, DOWEN
& RICCIARDELLI, LLP

DOUBLE H RANCH, INC.

Table of Contents

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3-4
Statement of Activities	5
Statement of Functional Expenses	6
Statements of Cash Flows	7-8
Notes to Financial Statements	9-19



WHITTEMORE, DOWEN
& RICCIARDELLI, LLP

333 Aviation Road, Building B
Queensbury, NY 12804

112 Spring Street, Suite 307
Saratoga Springs, NY 12866

P: (518) 792-0918
F: (518) 743-0882
www.wdr CPA.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Double H Ranch, Inc. (a non-profit Corporation hereinafter referred to as the Ranch), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses 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 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 the Ranch as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Ranch's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 25, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP
Queensbury, New York

April 1, 2016

DOUBLE H RANCH, INC.
 Statements of Financial Position
 December 31, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents - unrestricted	\$ 837,422	\$ 812,624
Cash and cash equivalents - temporarily restricted	31,000	35,741
Other pledge receivables	85,208	184,005
Current unconditional promises to give	235,000	106,000
Prepaid expenses	-	28,576
Inventories	<u>18,493</u>	<u>9,635</u>
 Total Current Assets	 <u>1,207,123</u>	 <u>1,176,581</u>
Property and Equipment:		
Property and equipment	5,423,859	5,160,999
Construction in progress	45,605	17,171
Less: accumulated depreciation	<u>(2,755,230)</u>	<u>(2,524,683)</u>
 Net Property and Equipment	 <u>2,714,234</u>	 <u>2,653,487</u>
Other Assets:		
Cash and cash equivalents, non-current - unrestricted	573,014	351,656
Cash and cash equivalents, non-current - temporarily restricted	102,512	125,999
Cash surrender value - deferred compensation	258,538	-
Investments, non-current	6,460,733	6,884,891
Unconditional promises to give, non-current	<u>3,741,624</u>	<u>2,802,753</u>
 Total Other Assets	 <u>11,136,421</u>	 <u>10,165,299</u>
 Total Assets	 <u>\$ 15,057,778</u>	 <u>\$ 13,995,367</u>

See Independent Auditor's Report and Notes

DOUBLE H RANCH, INC.
 Statements of Financial Position
 December 31, 2015 and 2014

LIABILITIES AND NET ASSETS	<u>2015</u>	<u>2014</u>
Current Liabilities:		
Accounts payable	\$ 49,191	\$ 4,547
Accrued payroll and payroll taxes	34,760	60,168
Annuities payable, current	4,506	4,506
Notes payable, current	<u>15,140</u>	<u>18,150</u>
Total Current Liabilities	<u>103,597</u>	<u>87,371</u>
Non-Current Liabilities:		
Annuities payable, non-current	29,749	30,736
Deferred compensation, non-current	315,000	-
Notes payable, non-current	<u>8,014</u>	<u>23,149</u>
Total Non-Current Liabilities	<u>352,763</u>	<u>53,885</u>
Total Liabilities	<u>456,360</u>	<u>141,256</u>
Net Assets:		
Unrestricted Net Assets:		
Undesignated, available for general activities	2,978,861	3,428,697
Designated by board of directors-endowment	<u>3,857,213</u>	<u>2,719,390</u>
Total Unrestricted Net Assets	6,836,074	6,148,087
Temporarily restricted net assets	133,513	161,741
Permanently restricted net assets	<u>7,631,831</u>	<u>7,544,283</u>
Total Net Assets	<u>14,601,418</u>	<u>13,854,111</u>
Total Liabilities and Net Assets	<u><u>\$ 15,057,778</u></u>	<u><u>\$ 13,995,367</u></u>

See Independent Auditor's Report and Notes

DOUBLE H RANCH, INC.

Statement of Activities

Year Ended December 31, 2015
With Comparative Totals for 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
Operating Revenue:					
Contributions received for support	\$ 2,534,034	\$ 180,570	\$ -	\$ 2,714,604	\$ 2,754,849
Special events (net)	847,783	-	-	847,783	541,536
Non-cash donations	26,240	-	-	26,240	49,683
Rental income	57,000	-	-	57,000	46,000
Interest and dividends	186,838	62	-	186,900	213,888
Merchandise sales (net) and other income	23,126	-	-	23,126	23,116
Released from restrictions	208,860	(208,860)	-	-	-
Subtotal	3,883,881	(28,228)	-	3,855,653	3,629,072
Realized and unrealized gain (loss) on investments	(242,589)	-	-	(242,589)	249,251
Total Operating Revenue	3,641,292	(28,228)	-	3,613,064	3,878,323
Expenses:					
Program services	2,960,883	-	-	2,960,883	2,839,850
Support Services:					
Management and general	410,768	-	-	410,768	361,755
Fund raising	655,061	-	-	655,061	581,718
Total Support Services	1,065,829	-	-	1,065,829	943,473
Total Operating Expenses	4,026,712	-	-	4,026,712	3,783,323
Total Operating Income (Loss)	(385,420)	(28,228)	-	(413,648)	95,000
Campaign income	1,137,823	-	87,548	1,225,371	171,467
Annuity income (loss)	(3,519)	-	-	(3,519)	(3,100)
Increase (Decrease) in Net Assets	748,884	(28,228)	87,548	808,204	263,367
Net Assets at Beginning of Year	6,148,087	161,741	7,544,283	13,854,111	13,590,744
Prior Period Adjustment	(60,897)	-	-	(60,897)	-
Net Assets at Beginning of Year, as Restated	6,087,190	161,741	7,544,283	13,793,214	13,590,744
Net Assets at End of Year	\$ 6,836,074	\$ 133,513	\$ 7,631,831	\$ 14,601,418	\$ 13,854,111

See Independent Auditor's Report and Notes

DOUBLE H RANCH, INC.

Statement of Functional Expenses

Year Ended December 31, 2015
With Comparative Totals for 2014

Support Services

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2015 Totals</u>	<u>2014 Totals</u>
Admin office-rent expense	\$ -	\$ -	\$ -	\$ -	\$ 62
Advertising and promotion	73,053	183	63,922	137,158	100,679
Animal care	25,544	-	-	25,544	27,336
Automotive expenses	12,312	-	-	12,312	15,246
Alumni society	190	-	203	393	260
Bank and credit card fees	-	25,351	55,001	80,352	74,253
Cleaning and maintenance supplies	10,335	-	-	10,335	9,498
Depreciation	227,820	902	1,825	230,547	238,575
Dues and subscriptions	1,182	1,558	15	2,755	4,605
Equipment rental	15,759	-	-	15,759	18,000
Filing fees	-	1,593	-	1,593	775
Food and kitchen supplies	300,357	-	-	300,357	288,169
Grounds maintenance	27,430	-	-	27,430	34,531
Insurance	105,519	37,583	-	143,102	117,629
Interest expense	-	1,363	-	1,363	776
Licenses and permits	-	438	-	438	-
Medical and activity supplies	9,076	-	-	9,076	7,128
Medical services	24,688	-	-	24,688	26,250
Miscellaneous expense	6,248	-	-	6,248	4,794
Office supplies	34,575	13,317	10,479	58,371	51,465
Payroll taxes and employee benefits	244,137	85,079	86,050	415,266	379,367
Printing and postage	7,859	3,895	60,327	72,081	21,415
Professional fees and dues	11,500	111,544	1,500	124,544	90,165
Program supplies	170,886	-	5,178	176,064	162,900
Repairs and maintenance	123,457	-	-	123,457	116,070
Salaries	1,301,546	106,211	340,680	1,748,437	1,685,863
Technology	65,351	10,842	24,901	101,094	82,360
Telephone	2,524	5,734	567	8,825	12,062
Training	19,299	-	400	19,699	33,234
Travel and meetings	2,260	5,175	4,013	11,448	13,054
Utilities and heat	137,976	-	-	137,976	166,802
Total Functional Expenses	\$ 2,960,883	\$ 410,768	\$ 655,061	\$ 4,026,712	\$ 3,783,323

See Independent Auditor's Report and Notes

DOUBLE H RANCH, INC.

Statements of Cash Flows

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Increase in Net Assets	\$ 808,204	\$ 263,367
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	230,547	238,575
Unrealized (gain) loss on investments	518,110	120,543
Realized (gain) loss on investments	(275,521)	(369,794)
Donated fixed assets	(12,628)	(30,981)
Campaign income present value discount	364,629	(132,467)
(Increase) Decrease in:		
Unconditional promises to give	(1,432,500)	111,000
Other pledge receivables	98,797	(6,505)
Prepaid expenses	28,576	(28,576)
Cash surrender value - deferred compensation	(49,435)	-
Inventories	(8,858)	1,775
Increase (Decrease) in:		
Accounts payable	44,644	1,028
Accrued payroll and payroll taxes	(25,408)	10,381
Annuities payable	(987)	(1,406)
Deferred compensation liability	45,000	-
Net Cash Provided (Used) by Operating Activities	<u>333,170</u>	<u>176,940</u>
Cash Flows From Investing Activities:		
Proceeds from sale of marketable securities	3,849,783	2,597,325
Purchase of marketable securities	(3,684,000)	(2,679,192)
Acquisition of fixed assets	(278,666)	(211,657)
Net Cash Provided (Used) by Investing Activities	<u>(112,883)</u>	<u>(293,524)</u>
Cash Flows From Financing Activities:		
Payments on long-term debt	(18,145)	(14,971)
Proceeds from long-term debt	-	34,000
Net Cash Provided (Used) by Financing Activities	<u>(18,145)</u>	<u>19,029</u>
Net Increase (Decrease) in Cash and Cash Equivalents	202,142	(97,555)
Cash and Cash Equivalents at Beginning of Year	<u>848,365</u>	<u>945,920</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,050,507</u>	<u>\$ 848,365</u>

See Independent Auditor's Report and Notes

DOUBLE H RANCH, INC.

Statements of Cash Flows

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	<u>\$ 1,363</u>	<u>\$ 776</u>
Non-Cash Investing and Financing Activity:		
Prior period adjustment		
(Increase) in cash surrender value - deferred compensation	\$ (209,103)	\$ -
(Decrease) in undesignated net assets	(60,897)	-
Increase in deferred compensation liability	<u>270,000</u>	<u>-</u>
Net Cash Provided (Used)	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report and Notes

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2015
(With Comparative Information for 2014)

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. As of December 31, 2015, the tax years that remain subject to examination by taxing authorities begin with 2012.

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

Operations 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. 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.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2015
(With Comparative Information for 2014)

Organization and Significant Accounting Policies – Continued

Financial Statement Presentation – Continued

The amounts for December 31, 2014 in the accompanying statement are included to provide a basis for comparison with December 31, 2015 and present summarized totals only. Accordingly, the December 31, 2014 amounts are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

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 Ranch. The unrestricted net assets of the Ranch may be used at the discretion of management to support the Ranch'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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of 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. ASC 820-10 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (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 measurement) 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.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2015
(With Comparative Information for 2014)

Organization and Significant Accounting Policies – Continued

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.

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. Cash at these institutions may at times, exceed Federal insured limits. The amount in excess of the FDIC limits totaled \$1,184,099 and \$846,078 at December 31, 2015 and 2014, 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.

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, 2015
(With Comparative Information for 2014)

Organization and Significant Accounting Policies – Continued

Advertising and Promotion

The Ranch expenses advertising as incurred. Advertising and promotion expense was \$137,158 and \$100,679 for the years ended December 31, 2015 and 2014, 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.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the current year presentation. These reclassifications had no effect on reported changes in net assets.

Cash and Cash Equivalents

The balances comprising cash on hand and in bank at December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Petty cash	\$ 500	\$ 500
Cash in bank, checking	861,434	811,361
Money market funds	<u>682,014</u>	<u>514,159</u>
Total	1,543,948	1,326,020
Less: amounts in current assets	<u>(868,422)</u>	<u>(848,365)</u>
Other assets	<u>\$ 675,526</u>	<u>\$ 477,655</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, 2015 and 2014 are summarized as follows:

<u>2015</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Fixed income securities	\$ 1,907,571	\$ 1,847,180	\$ (60,391)
Equity securities	<u>4,238,893</u>	<u>4,613,553</u>	<u>374,660</u>
Total	<u>\$ 6,146,464</u>	<u>\$ 6,460,733</u>	<u>\$ 314,269</u>

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2015
(With Comparative Information for 2014)

Investments – Continued

<u>2014</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Fixed income securities	\$ 831,856	\$ 937,667	\$ 105,811
Equity securities	5,436,304	5,947,224	510,920
Total	<u>\$ 6,268,160</u>	<u>\$ 6,884,891</u>	<u>\$ 616,731</u>

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

<u>Description</u>	<u>2015</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>
Investments	\$ 6,460,733	\$ 6,460,733	\$ -	\$ -

<u>Description</u>	<u>2014</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>
Investments	\$ 6,884,891	\$ 6,884,891	\$ -	\$ -

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2015
(With Comparative Information for 2014)

Property and Equipment

Property and equipment at December 31, 2015 and 2014 are comprised as follows:

	2015	2014
Buildings and leasehold improvements	\$ 2,909,501	\$ 2,683,002
Furniture and fixtures	223,496	223,496
Machinery and equipment	1,722,235	1,685,874
Displays	28,627	28,627
Construction in progress (building renovations)	45,605	17,171
	<u>4,929,464</u>	<u>4,638,170</u>
Land-Queensbury, NY	<u>540,000</u>	<u>540,000</u>
Total property and equipment	5,469,464	5,178,170
Less: accumulated depreciation	<u>(2,755,230)</u>	<u>(2,524,683)</u>
Property and equipment, net	<u>\$ 2,714,234</u>	<u>\$ 2,653,487</u>

Depreciation expense totaled \$230,547 and \$238,575 for the years ended December 31, 2015 and 2014, respectively.

Non-Cash Donations

During the years ended December 31, 2015 and 2014, the Ranch received the following non-cash donations which have been reflected in the Ranch's statement of activities:

	2015	2014
Activities supplies	\$ 13,612	\$ 16,202
Food service supplies	-	1,500
Facilities supplies	-	1,000
Land and land improvements	-	8,781
Property and equipment	<u>12,628</u>	<u>22,200</u>
Operating non-cash donations	26,240	49,683
Fund raising non-cash donations relating to special events	<u>35,367</u>	<u>39,703</u>
Total non-cash donations	<u>\$ 61,607</u>	<u>\$ 89,386</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.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2015
(With Comparative Information for 2014)

Non-Cash Donations - Continued

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, 2015 and 2014 the Ranch held several fundraising events. Net revenue generated from events was as follows:

	<u>2015</u>	<u>2014</u>
Gross events revenue	\$ 1,047,837	\$ 732,200
Expenses relating to events	<u>(200,054)</u>	<u>(190,664)</u>
Net revenue generated from events	<u>\$ 847,783</u>	<u>\$ 541,536</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.

The current lease expired in December 2015 and called for annual rent of \$54,000 in 2015. An appraisal was conducted by an outside source and valued the current rental payment at \$57,000 on an annual basis. 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 \$57,000 and graduating to \$91,291 in the last five-year period which ends December 31, 2035.

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 \$7,336,000 at December 31, 2015 and \$5,903,500 at December 31, 2014.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2015
(With Comparative Information for 2014)

Unconditional Promises to Give - Continued

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 235,000	\$ 106,000
Receivable in one to five years	815,000	24,500
Receivable after five years	<u>6,286,000</u>	<u>5,773,000</u>
Total	7,336,000	5,903,500
Less: unamortized discount	<u>(3,359,376)</u>	<u>(2,994,747)</u>
Net unconditional promises to give	<u>\$ 3,976,624</u>	<u>\$ 2,908,753</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, was as follows:

<u>Description</u>	<u>2015</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	\$ 3,976,624	\$ -	\$ -	\$ 3,976,624

<u>Description</u>	<u>2014</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	\$ 2,908,753	\$ -	\$ -	\$ 2,908,753

The discount rate used to value long-term promises to give was 8% for both 2015 and 2014. 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, 2015
(With Comparative Information for 2014)

Notes Payable

	<u>2015</u>	<u>2014</u>
In 2013 the Ranch entered into a 36 month loan agreement for the purchase of a van with monthly payments of \$608, including interest at .9%, maturing on July 2, 2016	\$ 3,625	\$ 10,831
In 2014 the Ranch entered into a 36 month loan agreement for the purchase of a tractor with monthly payments of \$1,019, including interest at 5%, maturing August 25, 2017	<u>19,529</u>	<u>30,468</u>
Total long-term debt	23,154	41,299
Less: current portion	<u>(15,140)</u>	<u>(18,150)</u>
Long-term debt, net of current portion	<u>\$ 8,014</u>	<u>\$ 23,149</u>
Maturities of the notes payable follows:		
Years ending		
December 31,		
2016	\$ 15,140	
2017	<u>8,014</u>	
	23,154	
Less: current portion	<u>(15,140)</u>	
Non-current portion	<u>\$ 8,014</u>	

Total interest expense recognized for 2015 and 2014 was \$1,363 and \$776, respectively.

Charitable Gift Annuity

In 2008, the Ranch entered into charitable gift annuity agreements with four donors. These agreements provide for quarterly payments payable for the life of the donors. Annuity payments in the amount of \$4,506 and \$4,506 were made for the year ended December 31, 2015 and 2014, respectively. The Ranch records the net present value of estimated amounts due as current and long-term liabilities using a 5% rate of return.

Allocation of Joint Costs

During the years ended December 31, 2015 and 2014, 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 \$346,037 and \$297,062, respectively, of joint costs, which are not specifically attributable to particular components of the activities. Joint costs were allocated as follows:

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2015
(With Comparative Information for 2014)

Allocation of Joint Costs – Continued

<u>2015</u>	<u>Promotion and Direct Mail</u>	<u>Special Events</u>	<u>Telephone Solicitation</u>	<u>Total</u>
Ranch program	\$ 73,053	\$ -	\$ 2,524	\$ 75,577
Management and general	183	-	5,734	5,917
Fundraising	<u>63,922</u>	<u>200,054</u>	<u>567</u>	<u>264,543</u>
Total	<u>\$ 137,158</u>	<u>\$ 200,054</u>	<u>\$ 8,825</u>	<u>\$ 346,037</u>
<u>2014</u>	<u>Promotion and Direct Mail</u>	<u>Special Events</u>	<u>Telephone Solicitation</u>	<u>Total</u>
Ranch program	\$ 20,684	\$ -	\$ 3,432	\$ 24,116
Management and general	50	-	7,349	7,399
Fundraising	<u>79,945</u>	<u>184,321</u>	<u>1,281</u>	<u>265,547</u>
Total	<u>\$ 100,679</u>	<u>\$ 184,321</u>	<u>\$ 12,062</u>	<u>\$ 297,062</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.

In December 2011, the Charles R. Wood Foundation Board approved the option of extending the lease agreement with the Double H Ranch, Inc. The lease agreement has been extended from 2015 to 2040 with an annual payment of \$1 due to the Wood Foundation. The President of the Wood Foundation requested a lump sum payment of \$5 to cover the period of 2011-2015 which was completed in 2011.

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 \$30,230 in 2015 and \$30,056 in 2014.

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 deferred compensation agreement stipulates the employee's death benefit, in an amount ranging from \$420,000 to \$567,000 depending upon his age at death (from age 56 through age 62), that is to be paid to his designated beneficiary.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2015

(With Comparative Information for 2014)

Deferred Compensation – Continued

The deferred compensation is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. A liability is also accrued for the obligation under the plan. The expenses incurred for the deferred compensation for the years ended December 31, 2015 and 2014 were \$46,314 and \$46,314, respectively. The resulting deferred compensation liability was \$315,000 as of December 31, 2015.

Prior Period Adjustment

Unrestricted net assets at the beginning of 2015 have been adjusted for deferred compensation erroneously not recognized in prior years. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreases beginning unrestricted net assets for 2015 by \$60,897.

Subsequent Events

The Ranch has evaluated all events through April 1, 2016, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.