

DOUBLE H RANCH, INC.  
Independent Auditors' Report  
Financial Statements  
December 31, 2011  
(With Comparative Totals for 2010)



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DOUBLE H RANCH, INC.

Table of Contents

	Page
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2-3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-16



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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, 2011 and 2010, 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, 2011. 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 2010 comparative totals included in the statements of activities and functional expenses have been derived from the Ranch's 2010 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, 2011 and 2010 and cash flows for the years then ended and changes in its net assets for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

*Whittemore, Downen & Ricciardelli, LLP*

Whittemore, Downen & Ricciardelli, LLP

March 8, 2012

DOUBLE H RANCH, INC.  
Statements of Financial Position  
December 31, 2011 and 2010

ASSETS	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and cash equivalents	\$ 662,434	\$ 412,354
Other pledge receivables	393,710	189,620
Current unconditional promises to give	130,000	93,000
Inventories	<u>9,190</u>	<u>15,162</u>
Total Current Assets	<u>1,195,334</u>	<u>710,136</u>
Property and Equipment:		
Property and equipment	4,195,207	3,985,859
Construction in progress	-	16,292
Less: accumulated depreciation	<u>(1,840,739)</u>	<u>(1,606,221)</u>
Net Property and Equipment	<u>2,354,468</u>	<u>2,395,930</u>
Other Assets:		
Cash and cash equivalents, non-current	397,810	767,590
Investments, non-current	5,989,951	6,060,878
Unconditional promises to give, non-current	<u>2,628,286</u>	<u>2,462,692</u>
Total Other Assets	<u>9,016,047</u>	<u>9,291,160</u>
Total Assets	<u><u>\$ 12,565,849</u></u>	<u><u>\$ 12,397,226</u></u>

See Independent Auditors' Report and Notes

DOUBLE H RANCH, INC.  
Statements of Financial Position  
December 31, 2011 and 2010

LIABILITIES AND NET ASSETS	<u>2011</u>	<u>2010</u>
Current Liabilities:		
Accounts payable	\$ 4,110	\$ -
Accrued payroll and payroll taxes	48,639	50,714
Annuities payable, current	4,506	3,176
Notes payable, current	<u>11,693</u>	<u>11,887</u>
Total Current Liabilities	<u>68,948</u>	<u>65,777</u>
Non-Current Liabilities:		
Annuities payable, non-current	34,975	27,798
Notes payable, non-current	<u>14,080</u>	<u>10,168</u>
Total Non-Current Liabilities	<u>49,055</u>	<u>37,966</u>
Total Liabilities	<u>118,003</u>	<u>103,743</u>
Net Assets:		
Unrestricted Net Assets:		
Undesignated, available for general activities	2,497,099	2,799,871
Designated by Board of Directors-Endowment	<u>2,364,285</u>	<u>2,230,259</u>
Total Unrestricted Net Assets	4,861,384	5,030,130
Temporarily restricted net assets	186,041	-
Permanently restricted net assets	<u>7,400,421</u>	<u>7,263,353</u>
Total Net Assets	<u>12,447,846</u>	<u>12,293,483</u>
Total Liabilities and Net Assets	<u><u>\$ 12,565,849</u></u>	<u><u>\$ 12,397,226</u></u>

See Independent Auditors' Report and Notes

DOUBLE H RANCH, INC.

Statement of Activities

Year Ended December 31, 2011  
With Comparative Totals for 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
Operating Revenue:					
Contributions received for support	\$ 2,377,825	\$ 216,075	\$ -	\$ 2,593,900	\$ 2,089,493
Special events (net)	679,220	-	-	679,220	740,930
Non-cash donations	19,250	-	-	19,250	157,299
Rental income	45,000	-	-	45,000	41,538
Interest and dividends	209,742	-	-	209,742	144,637
Merchandise sales (net) and other income	13,097	-	-	13,097	3,040
Released from restrictions	30,034	(30,034)	-	-	-
Subtotal	<u>3,374,168</u>	<u>186,041</u>	<u>-</u>	<u>3,560,209</u>	<u>3,176,937</u>
Realized and unrealized gain (loss) on investments	<u>(175,207)</u>	<u>-</u>	<u>-</u>	<u>(175,207)</u>	<u>570,001</u>
Total Operating Revenue	<u>3,198,961</u>	<u>186,041</u>	<u>-</u>	<u>3,385,002</u>	<u>3,746,938</u>
Expenses:					
Program services	<u>2,655,889</u>	<u>-</u>	<u>-</u>	<u>2,655,889</u>	<u>2,535,169</u>
Support Services:					
Management and general	292,080	-	-	292,080	278,265
Fund raising	<u>611,248</u>	<u>-</u>	<u>-</u>	<u>611,248</u>	<u>525,639</u>
Total Support Services	<u>903,328</u>	<u>-</u>	<u>-</u>	<u>903,328</u>	<u>803,904</u>
Total Operating Expenses	<u>3,559,217</u>	<u>-</u>	<u>-</u>	<u>3,559,217</u>	<u>3,339,073</u>
Total Operating Income (Loss)	<u>(360,256)</u>	<u>186,041</u>	<u>-</u>	<u>(174,215)</u>	<u>407,865</u>
Campaign income	184,026	-	137,068	321,094	1,149,017
Annuity income (loss)	<u>7,484</u>	<u>-</u>	<u>-</u>	<u>7,484</u>	<u>(2,157)</u>
Increase (Decrease) in Net Assets	<u>(168,746)</u>	<u>186,041</u>	<u>137,068</u>	<u>154,363</u>	<u>1,554,725</u>
Net Assets at Beginning of Year	<u>5,030,130</u>	<u>-</u>	<u>7,263,353</u>	<u>12,293,483</u>	<u>10,738,758</u>
Net Assets at End of Year	<u>\$ 4,861,384</u>	<u>\$ 186,041</u>	<u>\$ 7,400,421</u>	<u>\$ 12,447,846</u>	<u>\$ 12,293,483</u>

See Independent Auditors' Report and Notes

DOUBLE H RANCH, INC.

Statement of Functional Expenses

Year Ended December 31, 2011  
With Comparative Totals for 2010

Support Services

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2011 Totals</u>	<u>2010 Totals</u>
Admin office-rent expense	\$ 3,000	\$ 3,129	\$ 3,000	\$ 9,129	\$ 9,751
Advertising and promotion	40,111	295	36,391	76,797	35,207
Animal care	23,568	-	-	23,568	29,893
Automotive expenses	15,777	-	679	16,456	13,517
Bank and credit card fees	-	16,401	51,836	68,237	64,589
Cleaning and maintenance supplies	8,237	-	-	8,237	7,189
Depreciation	218,620	9,693	6,206	234,519	195,532
Design fees	-	-	-	-	20,640
Dues and subscriptions	503	2,333	73	2,909	3,440
Equipment rental	9,000	-	-	9,000	648
Filing fees	-	775	-	775	775
Food and kitchen supplies	270,479	-	-	270,479	255,374
Grounds maintenance	23,584	-	-	23,584	6,855
Insurance	95,695	29,565	246	125,506	127,936
Interest expense	-	1,762	-	1,762	1,704
Licenses and permits	-	275	-	275	306
Medical and activity supplies	7,692	-	-	7,692	5,053
Medical services	27,863	-	-	27,863	28,755
Office supplies	22,433	15,840	13,363	51,636	51,458
Payroll taxes and employee benefits	195,932	83,091	74,350	353,373	340,087
Printing and postage	12,359	3,811	24,149	40,319	34,749
Professional fees and dues	23,045	49,434	23,711	96,190	46,948
Program supplies	109,494	-	3,718	113,212	127,991
Repairs and maintenance	129,190	-	-	129,190	163,693
Salaries	1,224,177	54,112	354,823	1,633,112	1,528,128
Technology	11,943	8,199	13,194	33,336	45,554
Telephone	6,436	9,896	3,030	19,362	21,726
Training	20,649	-	505	21,154	16,079
Travel and meetings	5,899	3,469	1,974	11,342	9,742
Utilities and heat	150,203	-	-	150,203	145,754
Total Functional Expenses	<u>\$ 2,655,889</u>	<u>\$ 292,080</u>	<u>\$ 611,248</u>	<u>\$ 3,559,217</u>	<u>\$ 3,339,073</u>

See Independent Auditors' Report and Notes

DOUBLE H RANCH, INC.

Statement of Cash Flows

Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Increase in Net Assets	\$ 154,363	\$ 1,554,725
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	234,519	195,532
Unrealized (gain) loss on investments	556,788	(518,004)
Realized (gain) loss on investments	(381,581)	(51,997)
Donated fixed assets	(2,000)	(67,500)
Campaign income present value discount	193,406	550,983
(Increase) Decrease in:		
Unconditional promises to give	(396,000)	(1,533,000)
Other pledge receivables	(204,090)	(13,934)
Prepaid expenses	-	750
Inventories	5,972	(1,015)
Increase (Decrease) in:		
Accounts payable	4,149	(15,181)
Accrued payroll and payroll taxes	(2,114)	31,197
Annuities payable	8,507	(1,019)
Net Cash Provided (Used) by Operating Activities	<u>171,919</u>	<u>131,537</u>
Cash Flows From Investing Activities:		
Change in permanently restricted cash and cash equivalents and investments	265,500	422
Acquisition of fixed assets	<u>(191,056)</u>	<u>(162,712)</u>
Net Cash Provided (Used) by Investing Activities	<u>74,444</u>	<u>(162,290)</u>
Cash Flows From Financing Activities:		
Payments on long-term debt	(16,633)	(17,539)
Proceeds from long-term debt	<u>20,350</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>3,717</u>	<u>(17,539)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	250,080	(48,292)
Cash and Cash Equivalents at Beginning of Year	<u>412,354</u>	<u>460,646</u>
Cash and Cash Equivalents at End of Year	<u>\$ 662,434</u>	<u>\$ 412,354</u>
Supplemental Disclosures of Cash Flow Information:		
Non-Cash Financing Activities:		
Purchase of property and equipment	<u>\$ 20,350</u>	<u>\$ -</u>
Cash Paid During the Year for:		
Interest	<u>\$ 1,762</u>	<u>\$ 1,704</u>

See Independent Auditors' Report and Notes



DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2011  
(With Comparative Information for 2010)

**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, 2011, the tax years that remain subject to examination by taxing authorities begin with 2008.

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.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2011  
(With Comparative Information for 2010)

**Organization and Significant Accounting Policies – Continued**

Financial Statement Presentation – Continued

The amounts for December 31, 2010 in the accompanying statement are included to provide a basis for comparison with December 31, 2011 and present summarized totals only. Accordingly, the December 31, 2010 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 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.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2011  
(With Comparative Information for 2010)

**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 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 \$-0- and \$36,879 at December 31, 2011 and 2010, 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.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2011  
(With Comparative Information for 2010)

**Organization and Significant Accounting Policies – Continued**

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.

Advertising and Promotion

The Ranch expenses advertising as incurred. Advertising and promotion expense was \$76,797 and \$35,207 for the years ended December 31, 2011 and 2010, 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, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Petty cash	\$ 500	\$ 400
Cash in bank, checking	636,204	397,971
Money market funds	<u>423,540</u>	<u>781,573</u>
Total	1,060,244	1,179,944
Less: amounts in current assets	<u>(662,434)</u>	<u>(412,354)</u>
Other assets	<u>\$ 397,810</u>	<u>\$ 767,590</u>

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2011  
(With Comparative Information for 2010)

**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, 2011 and 2010 are summarized as follows:

<u>2011</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains (Losses)</u>
Fixed income securities	\$ 1,027,548	\$ 1,077,461	\$ 49,913
Equity securities	4,762,586	4,912,490	149,904
Total	<u>\$ 5,790,134</u>	<u>\$ 5,989,951</u>	<u>\$ 199,817</u>
<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	4,252,412	4,955,595	703,183
Total	<u>\$ 5,336,878</u>	<u>\$ 6,060,878</u>	<u>\$ 724,000</u>

The fair value measurement of investments at December 31, 2011 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>
Investments	\$ 5,989,951	\$ 5,989,951	\$ -	\$ -

**Property and Equipment**

Property and equipment at December 31, 2011 and 2010 are comprised as follows:

	<u>2011</u>	<u>2010</u>
Land improvements and leasehold improvements	\$ 1,969,698	\$ 1,903,144
Furniture and fixtures	219,562	216,562
Machinery and equipment	1,452,532	1,312,738
Displays	13,415	13,415
Construction in progress (building renovations)	-	16,292
	<u>3,655,207</u>	<u>3,462,151</u>

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2011  
(With Comparative Information for 2010)

**Property and Equipment – Continued**

	<u>2011</u>	<u>2010</u>
Land-Queensbury, NY	540,000	540,000
Total property and equipment	4,195,207	4,002,151
Less: accumulated depreciation	<u>(1,840,739)</u>	<u>(1,606,221)</u>
Property and equipment, net	<u>\$ 2,354,468</u>	<u>\$ 2,395,930</u>

**Non-Cash Donations**

During the years ended December 31, 2011 and 2010, the Ranch received the following non-cash donations which have been reflected in the Ranch's statement of activities:

	<u>2011</u>	<u>2010</u>
Activities supplies	\$ 17,250	\$ 46,520
Advertising supplies	-	-
Design	-	20,640
Food supplies	-	2,433
Furniture and fixtures	-	-
Leasehold improvements	-	65,500
Construction in progress	-	16,292
Maintenance of ranch grounds	-	3,914
Property and equipment	<u>2,000</u>	<u>2,000</u>
Operating non-cash donations	19,250	157,299
Fund raising non-cash donations relating to special events	<u>113,889</u>	<u>66,681</u>
Total non-cash donations	<u>\$ 133,139</u>	<u>\$ 223,980</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.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2011  
(With Comparative Information for 2010)

**Special Events**

During the years ended December 31, 2011 and 2010 the Ranch held several fundraising events. Net revenue generated from events was as follows:

	<u>2011</u>	<u>2010</u>
Gross events revenue	\$ 986,022	\$ 1,181,238
Expenses relating to events	<u>(306,802)</u>	<u>(440,308)</u>
Net revenue generated from events	<u>\$ 679,220</u>	<u>\$ 740,930</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 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 \$6,163,000 at December 31, 2011 and \$5,767,000 at December 31, 2010.

	<u>2011</u>	<u>2010</u>
Receivable in less than one year	\$ 130,000	\$ 93,000
Receivable in one to five years	314,000	448,000
Receivable after five years	<u>5,719,000</u>	<u>5,226,000</u>
Total	6,163,000	5,767,000
Less: unamortized discount	<u>(3,404,714)</u>	<u>(3,211,308)</u>
Net unconditional promises to give	<u>\$ 2,758,286</u>	<u>\$ 2,555,692</u>

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2011  
(With Comparative Information for 2010)

**Unconditional Promises to Give – Continued**

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, 2011 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)
Unconditional promises to give	\$ 2,758,286	\$ -	\$ -	\$ 2,758,286

The discount rate used to value long-term promises to give was 8% for both 2011 and 2010. The discount rate was not adjusted for a variable component due to the positive history of collectability of the Ranch’s promises to give.

**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.

In 2011 the Ranch entered into a 36 month loan agreement for the purchase of a van with monthly payments of \$566, including interest at 5.39%, maturing on February 28, 2014.

Maturities of the notes payable follows:

Years ending December 31,	
2012	\$ 11,693
2013	10,374
2014	<u>3,706</u>
	25,773
Less: current portion	<u>(11,693)</u>
Total	<u>\$ 14,080</u>

Total interest expense recognized for 2011 and 2010 was \$1,762 and \$1,704, respectively.



DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2011  
(With Comparative Information for 2010)

**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 \$4,009 and \$2,382 were made for the year ended December 31, 2011 and 2010, 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, 2011 and 2010, 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 \$402,961 and \$497,241, respectively of joint costs, which are not specifically attributable to particular components of the activities. Joint costs were allocated as follows:

	Promotion and Direct Mail	Special Events	Telephone Solicitation	Total
<b><u>2011</u></b>				
Ranch program	\$ 40,111	\$ -	\$ 6,436	\$ 46,547
Management and general	295	-	9,896	10,191
Fundraising	36,391	306,802	3,030	346,223
Total	<u>\$ 76,797</u>	<u>\$ 306,802</u>	<u>\$ 19,362</u>	<u>\$ 402,961</u>
<b><u>2010</u></b>				
Ranch program	\$ 16,440	\$ -	\$ 7,221	\$ 23,661
Management and general	551	-	10,994	11,545
Fundraising	18,216	440,308	3,511	462,035
Total	<u>\$ 35,207</u>	<u>\$ 440,308</u>	<u>\$ 21,726</u>	<u>\$ 497,241</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.

DOUBLE H RANCH, INC.

Notes to Financial Statements

December 31, 2011

(With Comparative Information for 2010)

**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 \$25,300 in 2011 and \$22,840 in 2010.

**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 years ended December 31, 2011 and 2010, the Ranch made payments in the amount of \$44,178 and \$46,314, respectively.

**Subsequent Events**

The Ranch has evaluated all events through March 8, 2012, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.