INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Brooke USA, Inc.

We have audited the accompanying financial statements of Brooke USA Inc (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities 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 Brooke USA, Inc as of December 31, 2019, 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.

Miami, Florida
June 30, 2020
BROOKE USA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

CURRENT ASSETS
Cash and cash equivalents $ 784,535
Accounts Receivable 813,254
Investments 67,290
Prepaid expenses 15,051
Total Current Assets $ 1,680,130

Total Assets $ 1,680,130

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES
Accounts payable and accrued expenses $ 34,581
Total Liabilities 34,581

NET ASSETS
Without donors restrictions:
Board designated for discretionary grants $ 670,000
Board designated for operating reserve 100,000
Undesignated 875,549
Total without donor restrictions: 1,645,549

With donors restrictions

Total Net Assets $ 1,645,549

Total Liabilities and Net Assets $ 1,680,130

See independent auditors’ report and notes to financial statements.
Page 2 of 11
BROOKE USA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

<table>
<thead>
<tr>
<th>Without Donors Restrictions</th>
<th>With Donors Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPORT AND REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 1,560,597</td>
<td>$ 1,560,597</td>
</tr>
<tr>
<td>Special events</td>
<td>415,143</td>
<td>415,143</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>17,114</td>
<td>17,114</td>
</tr>
<tr>
<td>Net unrealized and realized loss on securities</td>
<td>(641)</td>
<td>(641)</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>5,452</td>
<td>5,452</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenues and support</strong></td>
<td>1,997,665</td>
<td>1,997,665</td>
</tr>
</tbody>
</table>

**EXPENSES**
Program services:
<table>
<thead>
<tr>
<th></th>
<th>Without Donors Restrictions</th>
<th>With Donors Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising and awareness</td>
<td>607,663</td>
<td>-</td>
<td>607,663</td>
</tr>
<tr>
<td>Grants to other charities</td>
<td>388,601</td>
<td>-</td>
<td>388,601</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>996,284</td>
<td>-</td>
<td>996,284</td>
</tr>
</tbody>
</table>

Support services:
<table>
<thead>
<tr>
<th></th>
<th>Without Donors Restrictions</th>
<th>With Donors Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>245,472</td>
<td>-</td>
<td>245,472</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td>245,472</td>
<td>-</td>
<td>245,472</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>1,241,756</td>
<td>-</td>
<td>1,241,756</td>
</tr>
</tbody>
</table>

**CHANGE IN NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>Without Donors Restrictions</th>
<th>With Donors Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>755,909</td>
<td></td>
<td>-</td>
<td>755,909</td>
</tr>
</tbody>
</table>

**NET ASSETS, January 1, 2019**

<table>
<thead>
<tr>
<th></th>
<th>Without Donors Restrictions</th>
<th>With Donors Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>889,640</td>
<td></td>
<td>-</td>
<td>889,640</td>
</tr>
</tbody>
</table>

**NET ASSETS, December 31, 2019**

<table>
<thead>
<tr>
<th></th>
<th>Without Donors Restrictions</th>
<th>With Donors Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 1,645,549</td>
<td></td>
<td>-</td>
<td>$ 1,645,549</td>
</tr>
</tbody>
</table>

See independent auditors' report and notes to financial statements.
Page 3 of 11
BROOKE USA, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:
  Change in net assets $ 755,909
  Adjustments to reconcile change in net assets to
    net cash used in operating activities:
      Fair value of donated investments securities (17,114)
      Net realized and unrealized losses on investments 641
  Changes in operating assets and liabilities:
    (Increase) decrease in:
      Prepaid expenses (1,891)
      Accounts receivable (805,057)
      Accounts payable 12,205

  Net cash used in operating activities $ (55,307)

CASH FLOWS FROM INVESTING ACTIVITIES
  Purchase of investments $ (66,193)
  Proceeds from the sale of securities 15,376

  Net cash used in investing activities $ (50,817)

NET DECREASE IN CASH AND CASH EQUIVALENT (106,124)

CASH AND CASH EQUIVALENTS, January 1, 2019 890,659

CASH AND CASH EQUIVALENTS, December 31, 2019 $ 784,535
<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Support Services</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fundraising and Awareness</td>
<td>Grants to Other Charities</td>
<td>Subtotal</td>
<td>Management</td>
<td>Total Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td>$39,115</td>
<td>$39,115</td>
<td>$10,299</td>
<td>$49,414</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank fees</td>
<td>12,078</td>
<td>1,510</td>
<td>13,588</td>
<td>1,510</td>
<td>15,098</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants to other charities</td>
<td>-</td>
<td>348,000</td>
<td>348,000</td>
<td>-</td>
<td>348,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>4,316</td>
<td>332</td>
<td>4,648</td>
<td>1,992</td>
<td>6,640</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupancy</td>
<td>6,388</td>
<td>-</td>
<td>6,388</td>
<td>710</td>
<td>7,098</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office expenses</td>
<td>184,458</td>
<td>15,636</td>
<td>200,094</td>
<td>32,191</td>
<td>232,285</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, payroll taxes and benefits</td>
<td>296,567</td>
<td>22,813</td>
<td>319,380</td>
<td>136,876</td>
<td>456,256</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services and professional fees</td>
<td>28,690</td>
<td>-</td>
<td>28,690</td>
<td>46,301</td>
<td>74,991</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>32,040</td>
<td>-</td>
<td>32,040</td>
<td>13,732</td>
<td>45,772</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>4,031</td>
<td>310</td>
<td>4,341</td>
<td>1,861</td>
<td>6,202</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL FUNCTIONAL EXPENSES</strong></td>
<td><strong>$607,683</strong></td>
<td><strong>$388,601</strong></td>
<td><strong>$996,284</strong></td>
<td><strong>245,472</strong></td>
<td><strong>1,241,756</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

Brooke USA, Inc ("the Organization") is a non-profit organization, incorporated on April 5, 2007, in the State of Delaware. The Organization has been granted a license to use their brand name and image in the United States by Brooke United Kingdom ("Brooke"). The Organization was established to support sustainable equine welfare programs across Asia, Africa, the Middle East and Latin America through fundraising and stewarding donations to the areas of greatest need. Brooke USA Inc collaborates with Brooke globally to improve the welfare of working equines in the third world.

METHOD OF ACCOUNTING

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

BASIS OF PRESENTATION

The Organization follows the recommendations of the FASB Accounting Standards Codification, (ASC), under statement ASC 958, in its statement presentation. During 2018, the organization adopted the Financial Accounting Standard Board’s Accounting Standards Update (ASU) No. 2016-14 – Not-for-Profit-Entities (Topic 958): Presentation of Financial Statements of Non-for-Profit Entities. This guidance is intended to improve the net asset classification requirements, and the information presented in the financial statements and notes about a non-for-profit entity’s liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restriction when the associated long-lived assets is placed in service; a recognition of underwater endowment funds as a reduction in net assets with donor restriction. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restriction, liquidity, and expenses by both their natural and functional classification. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restriction. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restriction - Net assets available for general use and not subject to donor restrictions. The organization’s policy is to designated net assets without donor restrictions at the discretion of the Board of Director. The Board of Directors has designated net assets without restrictions for the following use:

Designated for discretionary grants—Cash reserve for discretionary grants.
Designated for operating reserve—Cash reserve designated for future operating needs.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met either by the passage of time or can be fulfilled and removed by actions of the Organization. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There are no temporary or permanently restricted net assets as of December 31, 2019.
NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION
Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed stipulations. Expenses are recorded as decreases in net assets without donor restriction. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated passage of time has elapsed) are reported as net assets released from restrictions.

USE OF ESTIMATES
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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. Actual results could differ from those estimates.

REVENUE RECOGNITION
The Organization reports contributions as restricted support if they are received with donor or grantor restrictions that limit the use of the contributions. When a restriction expires (i.e., when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions are considered to be available for unrestricted use and recorded as such, unless specifically restricted by the donor.

INCOME TAXES
The Organization is exempt from income taxes under the Internal Revenue Code Section 501(c)(3). This exemption is subject to periodic review by the Internal Revenue Code and is not a private foundation. Additionally, Topic 740 provides guidance on measurement, recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. In accordance with the disclosure requirements, the Organization’s policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expenses, respectively. At December 31, 2019, the Organization did not have any uncertain tax positions and thus has not recognized any interest and penalties in these financial statements. Tax years that remain subject to examination by federal authorities are 2016, 2017, 2018, and 2019.

CONCENTRATION OF CREDIT RISK
The Organization is subject to some credit risk through short-term cash investments which are placed with high credit quality financial institutions. The Company maintains cash balances at a financial institution located in Lexington, Kentucky. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2019, the Organization’s uninsured cash balances was $55,312.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS
The Organization considers all highly liquid investments with original maturities of 90 days or less to be cash equivalents. The Organization also includes cash in its brokerage fund account as cash equivalent.

FINANCIAL INSTRUMENTS
Financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, and are stated at carrying cost at year-end which approximates fair value. Investments are stated at fair value.

INVESTMENTS
The Organization accounts for its investments in accordance with FASB ASC 958-320 Investments Debt & Equity Securities. Under ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair values determined by quoted market prices in the statement of financial position and unrealized gain and losses are reported in the statement of activities. Investments other than debt and equity securities without readily determinable fair values are reported at cost. At December 31, 2019 all money market investments were reported as cash equivalent due to the relatively short maturity of these instruments.

FAIR VALUE MEASUREMENTS
Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. Refer to Note 4 for the fair value of the investment.

PROPERTY AND EQUIPMENT
Acquisitions of property and equipment in excess of $5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the accelerated method over the estimated useful lives of the assets. There is no property and equipment balance at December 31, 2019.

CONTRIBUTIONS AND GRANTS RECEIVABLE
Contributions and grants receivable that represent unconditional promises to give are recognized as revenues when the promise is received. Contributions and grants receivable that are expected to be collected in less than one year are reported at net realizable value. Those expected to be collected in more than one year are recorded at fair value at the date of promise. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DONATED SERVICES
Donated services are recognized as contributions in accordance with FASB ASC No.605, if the services create or enhance non-financial assets, or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising and other services throughout the year that are not recognized as contributions in the financial statements since these are not susceptible to objective measurement or valuation.

FUNCTIONAL EXPENSES
The cost of providing the various program and supporting services have been summarized on a functional basis in the Schedule of Functional Expenses. Support expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Therefore, expenses required allocation on reasonable basis that is consistently applied. All expenses are allocated on the basis of estimated time and efforts.

NOTE 2 - PREPAID EXPENSES
Prepaid expenses at December 31, 2019 consist primarily of prepaid insurance and travel fees.

NOTE 3 - CONCENTRATIONS
All of the Organization’s support is generated through contributions from other organizations or individuals. Approximately 53% of the Organization’s revenue is derived from two donors. Changes in economic conditions can directly affect a donor’s ability and willingness to make future contributions to the Organization.

During 2019, the Organization donated $325,000 to other Brooke’s programs around the world, including projects in Senegal and India. Also, the Organization donated $23,000 to other Foundations.

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS
FASB Topic 820 Fair Value Measurements and Disclosures establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quotes prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Level 2 - Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level significant input to the fair value measurement. Valuation techniques used, need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Organization’s investments value at December 31, 2019 are reported at fair value as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Fair Value</th>
<th>Quoted Prices: (Level 1)</th>
<th>Significant Other Inputs: (Level 2)</th>
<th>Non-observable Inputs: (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual funds</td>
<td>$66,186</td>
<td>$</td>
<td>66,186</td>
<td></td>
</tr>
<tr>
<td>Investments - corporate equity securities</td>
<td>1,104</td>
<td>1,104</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$67,290</td>
<td>$1,104</td>
<td>66,186</td>
<td>-</td>
</tr>
</tbody>
</table>

NOTE 5 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position sheet date, comprise of the following:

- Cash and cash equivalents $784,535
- Accounts receivable 813,254
- Investments 67,290

Less those unavailable for general expenditures within one year, due to:
- Board Designations (770,000)

Financial assets available to meet cash needs for general expenditures within one year $895,079
NOTE 5 - LIQUIDITY AND AVAILABILITY (Continued)
As part of the Brooke USA, Inc.'s liquidity management, the board designated a reserve to its liquidity operating reserve in the amount of $100,000 and a reserve for special projects in Senegal, India, Ethiopia and Kenya, which was $670,000 as of December 31, 2019. The governing board has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Foundation invests cash in excess of daily requirements in liquid investments. At December 31, 2019, these investments are presented as cash and cash equivalents and investments in this financial statement.

NOTE 6 - DONATED SERVICES AND ASSETS
The Organization receives donated services from a variety of unpaid volunteers assisting the Program in its education programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under FASB ASC No. 605 have not been satisfied.

During 2019, the Organization received $17,114 donated securities and it was recorded as a contribution at the fair value of the securities on the date received. The Organization usually sells donated securities shortly after receipt, often within a few days. Any difference between the proceeds received from the sale of donated securities and the fair value on the date the donated securities were received is recognized as a realized gain or loss.

NOTE 7 - COMMITMENTS
On October 2019, the Organization entered into a lease for office space. Rent commenced on November 1, 2019. The lease term ends in October 31, 2020. Future minimum rentals under the lease consisted of $763 for year ended December 31, 2020.

NOTE 8 - SUBSEQUENT EVENTS
During March 2020, Covid-19 pandemic has affected the Organization's operations. During March and April 2020, contributions decreased by approximately 40%. Management has reviewed operations to lower expenses, the company received a government assistance forgivable loan of $80,177 and is working closely with donors to ensure the continuity of the contributions and does not expect adverse effects for the Organization.