

GUARDIAN ANGEL BASSET RESCUE, INC

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

December 31, 2022

GUARDIAN ANGEL BASSET RESCUE, INC

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Zabel & ASSOCIATES P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Guardian Angel Basset Rescue, Inc
Dwight, Illinois

We have audited the accompanying financial statements of Guardian Angel Basset Rescue, Inc (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2022, and the related statement of support, revenue, and expenses – modified cash basis for the year ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Guardian Angel Basset Rescue as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Guardian Angel Basset Rescue and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of management 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 error or fraud.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Basset Rescue's ability to continue as a going concern for one year after the date of the financial statements are issued.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes an opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect when a material misstatement exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Basset Rescue's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt the Basset Rescue's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Zabel & Assoc. P.C.

Zabel & Associates P.C.
Certified Public Accountants

Morris, Illinois
June 28, 2023

GUARDIAN ANGEL BASSET RESCUE, INC

STATEMENT A

Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis
December 31, 2022

	<u>Assets</u>	<u>2022</u>
Current Assets		
Cash--time and savings deposits		\$ 169,602
Total current assets		<u>169,602</u>
Other Current Assets		
Huntleigh Securities		\$ 391,242
Total other current assets		<u>391,242</u>
Fixed Assets		
Office Furniture and Equipment		30,879
Vehicles		33,324
Fencing		15,402
Stage		53,844
Building		375,000
Land		202,966
Improvements		96,847
Less: Accumulated Depreciation		<u>(240,189)</u>
Net fixed assets		<u>568,073</u>
Total assets		<u>\$ 1,128,917</u>
	<u>Liabilities and Net Assets</u>	
Current Liabilities		
Loan 400028		\$ 163,475
SBA Loan		<u>399,900</u>
Total current liabilities		<u>563,375</u>
Net Assets		
Without Donor Restrictions:		
Undesignated		565,542
Board Designated		-
With Donor Restrictions		<u>-</u>
Total net assets		<u>565,542</u>
Total liabilities and Net Assets		<u>\$ 1,128,917</u>

The accompanying notes are an integral part of these statements.

Statement of Activities and Changes in Net Assets - Modified Cash Basis
Years Ended December 31, 2022

	2022			
	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated		
Support				
Contributions	\$ 351,231	\$ -	\$ -	\$ 351,231
Membership	-	-	-	-
Adoptions	19,153	-	-	19,153
Fundraising	43,994	-	-	43,994
Investment Income	-	-	-	-
Memorials	-	-	-	-
Miscellaneous	-	-	-	-
Total Support	414,378	-	-	414,378
Expenses				
Accounting Fees	13,800	-	-	13,800
Advertising	6,896	-	-	6,896
Automobile expense	293	-	-	293
Bank Charges	275	-	-	275
Credit Card Expenses	10,502	-	-	10,502
Dues, Fees, Licenses	4,662	-	-	4,662
Foster Expenses and pet care	289,472	-	-	289,472
Fundraising Expenses	93,577	-	-	93,577
Insurance	6,365	-	-	6,365
Interest Expense	7,577	-	-	7,577
Legal	-	-	-	-
Other	10,805	-	-	10,805
Miscellaneous	10,669	-	-	10,669
Property Taxes	178	-	-	178
Postage & Freight	330	-	-	330
Repairs and maintenance	13,701	-	-	13,701
Rental - Storage	2,324	-	-	2,324
Supplies	3,999	-	-	3,999
Telephone	1,666	-	-	1,666
Utilities	7,352	-	-	7,352
Web Expense	55,599	-	-	55,599
Depreciation	20,823	-	-	20,823
Total expenses	560,865	-	-	560,865
Change in net assets	(146,487)	-	-	(146,487)
Net assets, beginning of the year	712,029	-	-	712,029
Net assets, end of the year	\$ 565,542	\$ -	\$ -	\$ 565,542

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022

	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	<u>\$ (146,487)</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
Depreciation	20,823
(Increase) decrease in other current assets	(291,242)
Increase (decrease) in liabilities	7,847
 Total adjustments	 <u>(262,572)</u>
 Net cash provided by operating activities	 <u>(409,059)</u>
 CASH FLOWS USED BY INVESTING ACTIVITIES	
Investments liquidated	-
Purchases of property and equipment	<u>-</u>
 Net cash used by investing activities	 <u>-</u>
 NET INCREASE (DECREASE) IN CASH	 <u>(409,059)</u>
 Cash, beginning of the year	 <u>578,661</u>
 Cash, end of the year	 <u>\$ 169,602</u>

The accompanying notes are an integral part of these statements.

GUARDIAN ANGEL BASSET RESCUE, INC

NOTES TO FINANCIAL STATEMENTS December 31, 2022

NOTE 1. ORGANIZATION AND PURPOSE

Organization

Guardian Angel Basset Rescue, Inc is a nonprofit organization that provides the rescue of basset hounds from abusive and unwanted situations. Revenues necessary to fund operations are provided by grants, special events and donations from the general public.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Guardian Angel Basset Rescue have been prepared in conformity with the modified cash basis of accounting. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of assets, liabilities, and net assets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include property and equipment and related depreciation.

The modified cash basis of accounting differs from generally accepted accounting principles (GAAP) primarily because certain assets and their related revenues (such as contributions receivable) and certain liabilities and their related expenditures (such as accounts payable and expenditures for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements.

New Accounting Pronouncement

For 2022, the Organization began to include in its financial statements informative disclosures similar to those required by GAAP under the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented.

GUARDIAN ANGEL BASSET RESCUE, INC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement (Continued)

A key change required by ASU 2016-14 is the description of the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions. In addition, a statement of functional expenses is presented with the financial statements. Certain expenses have been reclassified to conform to the current year presentation. These reclassifications have no impact on net assets or the change in net assets as previously reported. Also, information regarding liquidity and availability of resources is presented in the notes to the financial statements.

Contributions and Grants

All contributions are considered to be available for the unrestricted use of the Organization, unless restricted by the donor. Funds that are received for a restricted purpose are recorded as unrestricted if expenditures are incurred in the same period that satisfies the restriction.

Office Equipment, Furniture and Fixtures

Office furniture and equipment are recorded as cost or fair market value at the date of donation. Generally, acquisitions of property and equipment for \$500 or more are capitalized and depreciated. Depreciation is provided using the straight-line method over an estimated useful life of the assets.

Office furniture and fixtures	10 years
Equipment	5-7 years

Income Taxes

The Organization is a not-for-profit organization exempt from income tax under Section 501(C)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all demand accounts are considered to be cash equivalents.

GUARDIAN ANGEL BASSET RESCUE, INC

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect (1) reported amounts of assets and liabilities, including the disclosure of contingent assets and liabilities at the financial statement date and (2) reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3. DONATED SERVICES AND MATERIALS

The Organization receives donated services from a variety of unpaid professionals and volunteers no amounts were material in nature as to require disclosure.

NOTE 4. FIXED ASSETS

The following is a summary of fixed assets as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land, Fence, Stage, Building	647,212	647,212
Operating Equipment	11,441	11,441
Transportation Equipment	42,674	42,674
Computer Equipment	3,218	3,218
Improvements	96,847	96,847
Video & Communication Equipment	<u>6,870</u>	<u>6,870</u>
Total	808,262	808,262
Less Accumulated Depreciation	<u>(240,189)</u>	<u>(219,366)</u>
Net Fixed Assets	<u>\$568,073</u>	<u>\$588,896</u>

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2022, the Organization has \$0 in temporarily restricted net assets.